Austria ... Sch 18	Indonesia ... Rp 2500	Portugal ... Esc 75
Bahrain ... Din 0.650	Italy ... L 1100	S. Arabia ... Rls 5.00
Belgium ... BFr 38	Japan ... Y550	Singapore ... S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ... Pta 100
Cyprus ... Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark ... Dkr 7.25	Lebanon ... L 6.00	Sweden ... Skr 6.50
Egypt ... E£1.00	Luxembourg ... LFr 38	Switzerland ... Fr 2.00
Finland ... Fmk 5.50	Malaysia ... Rng 4.75	Taiwan ... NT$65
France ... Fr 6.00	Mexico ... Pes. 300	Tunisia ... Din 0.600
Germany ... DM 2.20	Morocco ... Dh 6.00	Turkey ... L 160
Greece ... Dr 60	Netherlands ... Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong ... HK$ 12	Norway ... Kr 8.00	U.S.A. ... $1.50
India ... Rup. 15	Philippines ... Pes. 20	

FINANCIAL TIMES

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D 8523 B

Iraq hesitates to play its last card, Page 3

NEWS SUMMARY

GENERAL

Counter attack launched, says Iraq

Iraq says it has launched a major counter-attack against Iranian forces that have advanced near Basra.

A military official in Baghdad said commando groups supported by helicopter gunships continued mopping-up operations, and that large numbers of Iranian troops had surrendered. A minister said 30,000 Iranians had been killed in the fighting.

In **Washington**, the White House said it had no evidance of heavy damage the Iraqis claimed to have caused at Iran's Kharg Island oil terminal on Monday. **Page 16**

Brenner cars move

Italian police reopened the Brenner Pass link with Austria to private cars, after striking lorry drivers tried to extend their blockade. Earlier story, **background, Page 2**

Howe for Hong Kong

British Foreign Secretary Sir Geoffrey Howe will soon make a "significant and important" visit to Hong Kong. The date has not been set, but it may be in April and could bring an announcement of significant progress in the negotiations with China about the colony's future. **Page 3**

Macao dissolution

Portuguese President Antonio Eanes dissolved the 17-member assembly of Macao, on the south Chinese coast. New elections will be held within six months, probably on a more representative basis.

Philippines battle

At least 47 people were killed and 20 wounded in a two-hour gun battle in the southern Philippines between Moslem rebels and government troops.

Mercenaries freed

Seven British mercenaries jailed in Angola since 1976 flew to London after being freed.

Kinnock sacks two

UK Labour Party leader Neil Kinnock sacked two shadow ministers, Mr Frank Field (social security) and Mr Max Madden (health) because they voted against the Government, when Labour Party leaders had decided on a tactical abstention. **Page 6**

Nordic attack

The Nordic Council, an annual assembly of representatives from Sweden, Denmark, Norway, Finland and Iceland, has attacked its five governments for failing to produce a plan to combat rising unemployment. **Page 2**

Kidnapping charges

British police are holding four people who have been charged with kidnapping Indian diplomat Ravindra Mhatre, who was found dead more than three weeks ago.

More sub trouble

Swedish soldiers threw hand grenades and fired machine guns to try to force to the surface another suspected foreign submarine believed to be lurking off naval base Karlskrona.

Airliner off runway

A Scandinavian Airlines System DC-10 jetliner overshot a runway while landing at Kennedy International Airport, New York, last night, coming to rest with its nosewheel in a shallow creek. All 163 people on board escaped unhurt.

Panda killer jailed

A Chinese peasant who killed and ate a giant panda was jailed for two years.

BUSINESS

Wall St off 22.82 on deficit concern

WALL STREET was hit yesterday by a spate of selling which reversed the gains achieved late in the previous session. The Dow Jones industrial average fell 22.82 to 1,157.14 on concern over the Administration's policy on the federal deficit, and the worsening conflict in the Middle East. **Report, Page 27; full share prices Pages 28–30.**

LONDON: FT Industrial Ordinary index closed unchanged at 819.1. Government securities showed small gains. **Report, Page 31, FT share information service, Pages 32, 33**

TOKYO: Nikkei Dow index edged up 2.3 to 10,073, and the Stock Exchange index eased by 0,7 to 778.9. Report, Page 27. **Pages prices, other exchanges Page 30**

STERLING rose 2.05c to $1.494, its highest level against the dollar since October. It also improved to DM 3.8875 (DM 3.8825), FFr 12 (FFr 11.945), SwFr 3.235 (SwFr 3.205), and Y349 (Y344). Its Bank of England trade-weighted index rose from 82.7 to 83.4. In New York it closed at $1.4882. **Page 37**

DOLLAR fell from DM 2.634 to DM 2.601, its lowest since October, and to FFr 8.035 (from FFr 8.1075) and SwFr 2.164 (SwFr 2.1745), but rose to Y233.4 (Y233.2). Its trade weighting fell from 127.8 to 127, lowest since October. In New York it closed at DM 2.6102; FFr 8.0257; SwFr 2.171 and Y233.50. **Page 37**

GOLD rose $4.5 in London to $398.75, by $5.5 in Frankfurt to $399.25, and by $5.5 in Zurich to $399. In New York the Comex March settlement was $395 ($401.8). **Page 36**

ZINC prices fell again in London as sterling's strength prompted selling. Cash zinc fell £25.5 to £640 ($956.16) a tonne. **Page 36**

JAPANESE industrial production in January was more than 10 per cent up on a year before. **Page 3**

PAKISTAN is to seek $2bn external aid in the year from July 1. **Page 3**

CHINA has discovered a coalfield with an estimated 9.6bn tons, in north-west region Xinjiang

LORD BLAKENHAM, chairman of industrial holding company S Pearson & Son, has been appointed chairman of the Financial Times. **Page 6**

MR HENRY KISSINGER, former U.S. Secretary of State, has been appointed a director of American Express.

UK GOVERNMENT will bring forward law changes if the BBC and ITV decide they can co-operate on a joint satellite broadcasting project. **Page 7**

HANSON TRUST, the UK industrial *holding group with major U.S.* interests, claimed victory in its £247m ($369m) bid for London Brick saying that 58.6 per cent of the shareholders had accepted. **Page 16**

CGE, the French state electronics and engineering group, is extending its U.S. activities, and negotiating for alliances with European communications companies. **Page 16**

SUMITOMO BANK, Japan's fourth largest, has agreed to pay $144m for the Banco Ambrosiano Holding of Luxembourg stake in the Lugano-based Banca del Gottardo. **Page 17**

AT&T is negotiating with Spain's national telecommunications authority to invest about $200m in setting up a Spanish semiconductor manufacturing base. **Page 16**

STATOIL, Norway's state-owned petroleum company, is considering buying a half-share from Esso Chemicals in an ethylene cracker in Sweden. **Page 19**

SEAT, the Spanish state-owned car group, expects to be trading profitably from September after nearly six years in the red. **Page 17**

Gemayel to launch major peace move with Syria visit

BY NORA BOUSTANY IN BEIRUT AND STEWART FLEMING IN WASHINGTON

PRESIDENT Amin Gemayel of Lebanon is expected to travel to Damascus later this week for vital talks with President Hafez al-Assad of Syria. The result of the talks is likely to have a major political and military impact on the crisis in Lebanon.

At the same time there are indications from Washington that the U.S. no longer intends to play such a forceful role in Lebanon following the withdrawal of the marine contingent in multinational peacekeeping force.

Mr Donald Rumsfeld, President Ronald Reagan's Middle East envoy, is expected to pay another trip to the region shortly but will not be concentrating on Lebanon.

President Gemayel may announce the formal abrogation of the May 17 troop withdrawal agreement with Israel before he arrives in Damascus. Syria and opposition forces in Lebanon have insisted on the scrapping of the agreement, as a precondition to wider political negotiations.

Mr George Shultz, the U.S. Secretary of State, described the agreement as a milestone in the search for Middle East peace and strongly urged Mr Gemayel not to abandon it.

Even Mr Gemayel's Phalange Party, however, has endorsed his decision to scrap the agreement. The more militant Lebanese Forces, who form the Christian militias, have threatened to withdraw their support from Mr Gemayel if he takes this action.

Mr Amin Gemayel

In Washington, White House and State Department officials refused to confirm directly that Mr Rumsfeld will stop seeking a solution in Lebanon, but in their remarks and the emphasis they are putting on a wider regional approach to the Middle East issue, they are hinting strongly that Lebanon has ceased to be the Administration's top priority.

The Associated Press yesterday quoted a senior official as saying that Mr Rumsfeld would resign after his next visit to the Middle East and be replaced by his assistant, Mr Lawrence Silberman.

The Lebanese forces issued a warning yesterday against continued shelling of Christian areas, as sporadic shelling could be heard along the line dividing Beirut into Moslem and Christian-controlled sectors.

More fighting was also reported near Souq al-Gharb, east of Beirut, as Lebanese soldiers still loyal to the central army command battled with Syrian-backed opposition forces trying to capture the strategic town

An anonymous caller claiming to speak for the Islamic Jihad group, told the French news agency Agence France Presse, that the French contingent had "one week to leave the country" or it would suffer an "earthquake."

The French soldiers are the only members of the four-nation multinational force left in Beirut.

Iraq claims counter-attack underway, Page 16

Sterling strengthens as dollar continues to slide

By Philip Stephens in London

STERLING ROSE strongly on foreign exchanges yesterday as the dollar continued its slide and the recent escalation in the Gulf war prompted speculation that oil prices could rise.

The pound closed in London at $1.4940, its highest level since last October and two cents up on the day, although half of the gain came in late New York trading on Monday.

Sterling's trade-weighted index against a basket of currencies rose to 83.4, up sharply from 82.7, as fears of a disruption in Middle Eastern oil supplies and a 50 cent rise in Soviet oil prices led to gains against *the D-Mark, Swiss franc and the* yen.

In contrast, confidence in the dollar slipped further as holders of dollars ignored the latest Middle East flare-ups and focused on the twin dangers to the U.S. economy posed by its budget and trade deficits.

Dealers said the perception that the U.S. economy will face renewed inflationary pressures, and growing sentiment that the dollar now faces a sustained fall, diminished the attraction of high U.S. interest rates.

The dollar ended in London at a four-month low of DM 2.6010, down more than three pfennigs from Monday's European close. Its trade-weighted index, as measured by the Bank of England, fell to 127.0 from 127.8.

At one stage in European trading the dollar fell below DM 2.60, and most foreign exchange dealers were predicting it would move below that level later this week.

As confidence ebbs in the U.S. currency as a safe haven in times of international tension, some investors have switched their attention to gold.

The gold price ended in London at $398.75, up more than $4 from Monday. It was slightly lower than the previous day's New York close, however.

Richard Johns in London writes: Spot prices continued to strengthen yesterday as the Soviet Union raised the price of its Urals blend by 50 cents to $29.0 per barrel (cif) and Brent blend, the North Sea reference, exceeded its official selling rate of $30 for the first time in three weeks.

There were few transactions, but Brent blend for April delivery was reported to have been traded at $30.10–$30.15.

Interest rate fears unsettle Wall Street, Page 4; currencies, Page 37

UK gas plan may favour Dutch over Norwegians

BY IAN HARGREAVES IN LONDON

THE UK Government has told British Gas, the *state-owned* utility, to explore the possibility of a major gas purchase from the Netherlands as an alternative to the £21bn ($31bn) deal provisionally agreed *with Statoil of Norway*.

The instruction highlights London's growing opposition to British Gas's plan to import about a quarter of its supplies in the 1990s from Norway's Sleipner gas field.

The Dutch option would involve British Gas buying 500m cubic feet of gas a day from Gasunie, the Dutch utility which is jointly owned by the Dutch Government, Shell and Esso. This is less than half the volume available from Sleipner.

A pipeline would be constructed from Callantsoog, which is about 50 miles north of Amsterdam on the Dutch coast, to British Gas's terminal at Bacton near Norwich in eastern England.

This would be the first connection between Britain and the continental European gas grid and could eventually permit Britain to import gas from the Soviet Union and other non-European suppliers, such as Algeria, now connected to the European grid.

Equally significant, a pipeline would raise the possibility of gas being exported from the UK continental shelf to elsewhere in Europe.

This would require a change in British Government policy, which has prevented exports on the grounds of security of supply. The Treasury is pressing hard for the export ban to be lifted because it be*lieves British Gas is currently pay*ing too little for its UK supplies.

This, the Treasury argues, is undesirable because it discourages UK gas production, reduces government revenues, and undermines the basis of economic pricing to the consumer.

Wholesale gas prices are higher on the Continent than in Britain. The Sleipner price, for example, is thought to be around 30p a therm, compared with a going rate of 23p–25p a therm in contracts between British Gas and UK suppliers.

There appear to be four main options for the UK Government: to accept the Sleipner deal as negotiated, to instruct British Gas to reopen talks with Statoil with a view to lowering the price or reducing the contracted volume by half; to implement the Dutch option; or simply to turn down the Sleipner deal, forcing British Gas to offer higher prices to UK suppliers, thus stimulating domestic production.

Continued on Page 16

Energy Review, Page 12; Esso cuts UK prices, Page 6

Germans' farm price plan makes headway

By Ivo Dawnay in Brussels

A WEST GERMAN proposal aimed at overcoming one of the greatest obstacles to an agreement on reform of the Common Agricultural *Policy (CAP) appeared to be mak*ing substantial headway at the EEC farm ministers' meeting in Brussels yesterday.

The plan, involving the phased dismantling of the EEC's complex agro – monetary system while giving scope for 3 per cent price rises to farmers in the weaker currency countries, could provide the key to an overall deal on reform. If accepted the scheme would end the long-running impasse between the French and West German governments over monetary compensatory amounts (MCA), the border taxes and subsidies which *even out the ef*fects of currency imbalances on farm prices.

There are fears, however, that the solution could add as much as Ecu 400m ($340m) to costs at a time when all member states agree that the budget must be reined in.

Continued on Page 16

Chancellor Helmut Kohl appeared to back British solutions to the financial dispute in the EEC after talks with Prime Minister Margaret Thatcher last night. He noted that West Germany and Britain were the only net contributors to the EEC budget and, referring to the other members, said: "It is not part of the European spirit to take more out of the bank than you put in."

EEC and U.S. defuse steel tariffs dispute

BY ANTHONY McDERMOTT IN GENEVA

A DAMAGING trade dispute between the U.S. and the EEC was *partially defused yesterday* when the terms of European retaliation for U.S. special steel tariffs and quotas were announced to the General Agreement on Tariffs and Trade (Gatt).

The two sides told an extraordinary meeting of the Gatt council that they had, in effect, settled the argument out of court. But EEC retaliatory measures against a range of U.S. imports will take effect from tomorrow as decreed by Gatt.

The fact that the retaliation now promises to be an orderly affair was greeted with relief by Gatt officials and delegates from other member countries. It is comparatively rare for Gatt-approved sanctions to be imposed.

From tomorrow the EEC will raise quotas and tariffs on U.S. imports of chemical products like methanol, vinyl acetate, styrene and polyethylene, as well as on security devices, sporting guns and athletic equipment. This is in reply to the U.S. imposition of tariffs and quotas on worldwide imports of special steels, a move which caused a storm of protest among European *steelmakers and politicians*.

The main points at issue resolved yesterday were how to calculate the value of U.S.-EEC trade in the relevant products, and which exchange rate between the dollar and European Currency Unit (Ecu) to use. The U.S. also complained that some of its chemical exports were so price sensitive that higher tariffs would eliminate them from the European market.

It was agreed to accept import, rather than export figures as the guide. The EEC had estimated the value of affected U.S. imports at $57m for the 1980-82 period, while the U.S. assessed it at $91m. The inclusion of trans-shipments of chemicals through Rotterdam was blamed for this discrepancy.

Secondly, it was decided that for this year the exchange rate for the Ecu against the dollar prevailing on February 1 would be used, not the 1982 exchange rate. The effect is to increase by about 20 per cent the size of the new EEC quotas.

The groundwork for yesterday's agreement was laid in talks on Monday in Brussels between Mr William Brock, the U.S. trade representative, and Viscount Etienne Davignon and Herr Wilhelm Haferkamp, the European commissioners for industry and external relations.

The decision, which also allows constant review of the retaliatory action, was seen as a boost to Gatt's authority. The fact that the parties had to settle the details between themselves, however, exposed weaknesses in Article 19, the procedure invoked by the EEC.

Mr Michael Smith, deputy U.S. Trade Representative, said the U.S. did not challenge the EEC's right to retaliate for the U.S. safeguard action on steel, but the U.S. still regarded the EEC measures as excessive.

Wide support for protest over union ban at British spy centre

BY JOHN LLOYD, PHILIP BASSETT AND BRIAN GROOM IN LONDON

THE DAY of industrial action in the *UK yesterday, called in protest at* the Government's ban on trade union membership at its secret intelligence centre, GCHQ, demonstrated a level of protest higher than many, even among the unions, expected. Although the action fell well short of serious disruption, there were strikes, walkouts and rallies throughout the country.

Mr Len Murray, general secre*tary of the Trades Union Congress* (TUC), told a packed rally at Cheltenham in western England, where GCHQ is based, that the day "has been more successful than I might have hoped." Mr David Basnett, general secretary of the General, Municipal and Boilermakers Union, appealed to Mrs Margaret Thatcher, the Prime Minister, to back down in the face of "widespread *and successful protest.*"

Workers in docks, shipyards, car and engineering plants were involved in stoppages, although industries such as chemicals and general printing appear to have been unaffected. Many rail and some bus services were halted, but air, telecommunications, postal and broad*casting services were untouched.*

A walkout by engineering workers stopped some national newspapers being printed in London. The Newspaper Publishers Association is to sue the National Union of Railwaymen for disruption to trains carrying newspapers to the West of England and Wales yesterday morning.

Large meetings were held in *Glasgow, Manchester* and other cities and a London march and rally attracted about 30,000 people. Merseyside appears to have been worst hit, with Glasgow a close second. Rail services were stopped in both centres and workers in many industries were absent or went home early.

Civil servants were at the forefront of strikes and demonstrations. *Junior staff formed picket* lines and some senior staff cancelled meetings with ministers, or made protests to them.

The TUC general council will meet today to consider its relations with the Government. Left-wing members, such as Mr Moss Evans, leader of the largest union, the *Transport and General Workers*, will press for the TUC to leave tripartite bodies representing government, industry and unions. But Mr Murray is likely to try to make any such move temporary.

Ministers believe that about 80 per cent of the GCHQ staff estimated at over 7,000 have agreed to give up their union rights in exchange for £1,000 (about $1,500). The Gov*ernment has set tomorrow as a* deadline for acceptance, with the threat of transfer or dismissal for those who do not resign union membership. The Government has, however, made clear that there will be no immediate dismissals.

The Government says the reasons for its ban include previous industrial disruption at GCHQ and the risk to national security that any such disruption might cause in the future. But it has come under heavy criticism for its handling of the issue.

The Government claims that only about 20 GCHQ employees have so far specifically rejected the £1,000 offer to give up union rights.

CONTENTS

FT correspondents assess the background and implications of the current motorway protest

Tension mounts as drivers step up blockade

By James Buxton in Rome

THERE WERE sharp clashes at the Brenner Pass yesterday between Italian police and the international band of lorry drivers who stepped up their blockade there.

In an atmosphere of high tension, police tried around midday to remove the barricades of burning tyres blocking the motorway. The lorry drivers then rebuilt the blockade elsewhere. There were also skirmishes when lorry drivers tried to extend the blockade to other roads.

Reinforcements of police and paramilitary carabinieri were sent to the pass as soon as it was heard that the lorry drivers had decided to carry on with the protest indefinitely, and to extend it to blocking private cars as well as lorries.

While they successfully blocked the motorway yesterday to all traffic, cars crossed the border via the main road and trains were not disrupted.

Today representatives of the Italian haulage companies backing the protestors are to meet Sig Bruno Visentini, Minister of Finance, to press their demands.

The road haulage operators, who met near Kufstein on the German-Austrian border on Monday night to decide to continue their protest, were reportedly incensed by remarks of Sig Claudio Signorile, the Italian Transport Minister, who called the lorry operators an "isolated group."

The protestors do not have the backing of the Government of West Germany, which has been strongly critical of Italy. On Monday, the Government called on them to end their protest.

Patrick Blum adds from Vienna: Herr Karl Lausecker, Austrian transport Minister, met a delegation of lorry drivers in Innsbruck last night in an attempt to prevent further escalation of the conflict. Reports of clashes increased worries here that the violence could spread to Austria.

Herr Lausecker repeated to the drivers that the Government would not alter regulations on weekend traffic, weight limits, and the payment of the lorry tax. But he pledged support for any measures that would diminish bureaucratic delays on the Italian side of the border.

Battle of the Brenner drags on

BY JONATHAN CARR IN FRANKFURT

HUNDREDS of lorries blocking the motorway have almost vanished in the snow swept against them by fierce blizzards. Red Cross workers serve steaming goulash soup and sausage to freezing drivers.

With nearly a week gone in what is becoming known as the "Battle of the Brenner Pass," the drivers from eight countries are showing no signs of give in their dispute with the Italian Government.

Indeed, they are threatening to block Europe's key north-south road pass in the Alps to cars as well as to commercial vehicles if their demands for quicker border clearance are not heeded in Rome.

What makes some 2,000 *drivers put up with acute discomfort* in foul winter weather on a 1,400-metre high pass, and on the long autobahn stretch winding to it along the valley of the River Inn? After all, the drivers have been complaining about delay by Italian Customs officials on the Brenner for years.

For one thing, they were incensed by the recent Italian Customs work-to-rule. It meant that formalities to allow lorries to cross the pass between Austria and Italy could be completed only between 8 am and 2 pm. Those lorries which failed to make it across the frontier by 2 pm were doomed to wait at least until the following morning, and perhaps the morning after that.

That was nothing new for the dridvers. They had often enough sat in parking lots gnashing their teeth and waiting for clearance to enter Italy, while colleagues coming from Italy whizzed through Austrian Customs on the other side of the road.

But the work to rule came on top of new procedures introduced by Italian border authorities last December. The aim was apparently to try to cut down paperwork, but the lorry drivers say the result is even longer delays.

Encouraged by their French colleagues' action against the Paris Government, the Brenner blockaders now want written assurances from Rome of clearance around the clock and genuinely simpler formalities.

They claim they are asking for no more than is already *accepted by the European Community council.* And they are not satisfied with the Italian Government's promise last week to increase the number of customs officials by 850 to more than 5,000.

Drivers from Italy, Holland, Belgium, Austria, Denmark, Britain, Greece and West Germany are involved in the blockade—but it is the Germans who feel they are worst hit by the Brenner delays.

Of around 3,000 lorries which use the Brenner daily on average, about half are German. More than half Germany's 10m tonnes of exports to Italy annually are sent by road. Bavaria alone transports farm products worth DM 3.5bn (£901m) annually over the Alps to its southern neighbour.

The loss to German truckers because of the current blockade is conservatively estimated at around DM 1m a day, quite apart from the losses suffered by farmers and others trying to get their goods through to Italy. But the German goods transport association estimates the annual loss from bureaucratic delay on

the Brenner in "normal" circumstances at around DM 100m annually.

Why not send the goods by train? The capacity is too small, goods transport to Italy from Germany by train is often subject to many days' delay and no accord has been reached on how to finance a more modern Brenner rail link. For the forseeable future, for better or worse, the Brenner motorway is the most practicable transport route.

Italian customs habits face an abrupt update

BY JAMES BUXTON IN ROME

THE PROBLEMS of Italian customs, which have been in differing degrees at the root of European road traffic disruption in the past weeks, are symptomatic of Italy's extraordinarily inefficient and intractably old-fashioned system of public administration.

Italians have to put up with a postal system which can take a week to move a letter from one side of a city to another. They tolerate a pensions organisation which, though generous, can take at least two years after retirement to start paying a pension.

The Italian customs, however, are in contact with non-Italians, who are now showing that they will not put up with the kind of difficulties that ordinary Italians encounter daily in their dealings with bureaucracy.

The Italian customs have barely adapted their staffing levels and procedures to cope either with the existence of a European customs union (the EEC) or the tremendous surge in road freight transport in the past 15 years.

Italy has only 4,200 customs officials, fewer than it had in 1912, when it was actually a smaller country, and a tiny number when compared with France's 32,000-strong force, or Britain's 34,000.

Basic hours on the Brenner *Pass and other border posts* are standard Italian civil service, 8.00 to 14.00. Anything over that has to be done as overtime, for which the premium on an already low salary is only about 20 per cent.

The Italian Government decided at the weekend to boost the number of customs officials by 850 and to improve their pay and conditions. But according to experts on the sector this is unlikely to make much difference to clearing times—anything from five to eight hours—unless the procedures are also drastically simplified.

The rules are based on those laid down in the 19th century and involve far more checks than other countries impose, to the extent that Italy is often accused of employing non-tariff barriers to trade. But those *carrying them out have almost* no back-up in the form of data processing equipment and other technology, and there is an extraordinarily complex itinerary for every document, while the procedures for getting approval for any decision are tortuous. Yet at the end of the day, the customs men feel that their checks, laborious as they are, are only formal.

Given the growing disgruntlement of both the customs officials, burdened with more and more work, and of their clients, the lorry drivers, an explosion was almost inevitable.

Even so, it is possible to feel some sympathy with the Italian authorities. Reform of the civil service has eluded dozens of governments, and the present administration has moved fast to remove *the immediate grievances* of the customs men with its decisions at the week-end.

Italian customs greatly simplified their formalities at the week-end to clear as fast as possible the backlog of traffic on the *Alpine passes after the French* blockades ended. They are now being asked by lorry owners to do something instantly about a problem that has persisted for years, and which in any country would be hard to solve overnight.

Diplomats in Rome from other EEC countries believe the Brussels commission should have done more in the past to press Italy for changes, and should do more now.

SWISS lorry drivers have threatened to take action following the approval in last week-end's *national* referendum on a new levy on Swiss goods vehicles of between SwFr 500 (£156) and 3,000 per year.

The organisation Routiers *Suisses, to which about 20 per* cent of all lorry drivers belong, has sent out letters to its 13,000 members asking for their opinion on whether they should block customs posts in protest. Other measures could include snail's pace driving or strikes.

Action would not start before next week-end, however, as Routiers Suisses intends to await the Government's reaction to foreign protests in respect of the levy.

The association wants the lifting of driving hours limitations, more liberal rules with regard to withdrawal of driving licences, easier customs clearance and a reduction in fuel levies. They also want Swiss regulations on payloads and night driving to be brought in line with those elsewhere in Europe.

Enactment of EEC border law advanced

By John Wyles in Brussels

FRANCE and Italy, shaken by the recent lorry driver demonstrations, are to speed up their application of an EEC directive which could cut waiting time at border posts by between 30 per cent and 50 per cent and overall transport costs by up to £860m a year.

These are the European Commission's estimates of the potential benefits of a directive adopted in December aimed at reducing border formalities and speeding up the passage of goods through customs posts.

As a condition for endorsing the directive, France and Italy joined Luxembourg and Greece in obtaining a two-year delay so that they do not have to introduce all the necessary measures *until* January 1, 1987.

However, ministers in both countries have indicated that they will aim for a speedier full application of the EEC law, although neither is publicly committed to introducing it at the same time as the six other member states on January 1, 1985.

Nevertheless, the much higher priority both governments are giving to border procedures is seen in Brussels as the first valuable fruits of the unprecedented disruption caused by frustrated lorry drivers.

"This has been a Godsend," said one Commission official yesterday. Although not always the most obstructive, France and Ltaly have often been less than enthusiastic about forcing the pace of negotiations on the Commission's many proposals for removing covert protectionism *and establishing* a genuine common market.

Brussels now hopes that recent events will bring swifter progress on adoption of a common customs document and changes in the payment *of VAT at border crossings.*

On the border directive, the aspects which France and Italy were planning to delay mainly concerned the opening hours of customs posts. The directive aims at ensuring open passage through borders for 24 hours a day for all transit goods traffic.

In addition, it requires border posts to be open for at least 10 continuous hours from Monday to Friday

EEC to proceed on Esprit development and research plan

BY PAUL CHEESERIGHT IN BRUSSELS

RESEARCH MINISTERS of the European Community ended their financial wrangling and finally adopted yesterday an Ecu 1.5bn ($1.24bn) programme to counter U.S. and Japanese superiority on world information technology markets.

The European strategic programme for research and development in information technology (Esprit) is the first new venture undertaken by the EEC since it ran into rancorous debates on how to overcome its financial and budgetary crisis.

Failure to agree on the programme could have been a damaging blow when key negotiations on agriculture and the budget are approaching a climax at next month's EEC summit in Brussels.

Esprit has become the symbol of the political need to launch new policies for the reinvigoration of the EEC.

Mr Kenneth Baker, the UK Minister for Information Technology, said after the Esprit agreement: "One of the criticisms of Europe is its concentration on agriculture – we are keen to shift the balance. This is the beginning of the shifting of the balance.

"I am absolutely convinced that the main motive force for the wealth of the UK and Europe for the next 25 years is going to come from the new information technology-based industries."

Esprit was launched after the European Commission had given West Germany and the UK assurances that its costs would not result in higher EEC spending on research than that already envisaged for this year. The Commission also assured them that the effect on the 1985 budget would be neutral.

The UK and West Germany have sought guarantees that there will be funds available for the five-year life of the programme and that financing could take place within the EEC's present resources.

The Commission is willing to adapt other programmes to keep up spending on Esprit. That is seen as meaning that any need to add to the agricultural budget would not affect the programme.

At the same time finding a place for Esprit in the existing research budget – about Ecus 600m this year – means the EEC is forced to order its scientific priorities. Ministers started discussion on that yesterday.

Esprit will cost the EEC Ecus 750m over five years – the figure the Commission originally requested. The money will be spent on meeting up to half the costs of information technology research projects arranged across national borders.

France may need to increase borrowing

BY DAVID HOUSEGO IN PARIS

FRANCE MIGHT need to raise substantial funds on the international market this year even if its current account deficit is eliminated.

The combination of a sharp contraction in the current account deficit, the absence of any significant French borrowing on credit markets in the first two months of the year and statements by M Jacques Delors, the French Finance Minister, on the repayment of French external debt, have all fostered the impression of a sharp slowdown in French borrowing.

But monetary officials say France might need FFr 50bn–FFr 60bn ($6bn–$7.5bn) this year to finance the continually large, "spontaneous" deficit on capital account. The deficit excludes the Government's authorised borrowing programme abroad, but includes investment flows, repayments of principal on foreign debt and export credit financing.

This "spontaneous" deficit on capital account jumped in 1981 to FFr 62bn from FFr 29bn the previous year and has remained at that high level.

The main reason for the increase has been the acceleration in capital repayments on French foreign debt and the sharp expansion of commercial credits to finance French exports. Repayments on principal have risen from FFr 7bn in 1981 to an estimated FFr 20bn last year.

Finance officials believe this year's capital account deficit is likely to be lower than 1983's estimated FFr 63bn. That reflects a slowing down in exports credits to developing countries as Third World demand shrinks – in part offset by developing countries' own repayment difficulties.

The Government has not yet decided how far it will finance this capital account deficit out of borrowing and how far by drawing down on the foreign exchange reserves or through short-term interbank credits. To a large extent its borrowing strategy will be determined by the performance of the current account.

Official forecasters believe the current account will return to balance this year after a FFr 29bn deficit in 1983 and a FFr 79bn deficit in 1982. Official optimism follows the *OECD's forecasts, which predict a* small current account surplus for France this year.

Of the leading private forecasters, however, BIPE believes that there will be a current-account deficit this year of about FFr 20bn. The fragility of France's external accounts recovery was emphasised last week when a large FFr 5.5bn trade deficit in January was announced.

According to OECD figures, France borrowed $13.3bn last year on the international market – including a $3.7bn loan raised through the EEC – after a record $14.5bn in 1982.

Higher prices foreshadow tough French pay talks

BY DAVID HOUSEGO IN PARIS

THE ANNOUNCEMENT of an acceleration in French prices in January has coincided with fresh signs that the government is determined to take a tough line over public sector wage claims this year.

Figures released by the official statistics institute INSEE show that consumer prices climbed 0.7 per cent in January, compared with 0.3 per cent in December and 0.4 per cent in November.

On a 12-month basis, the inflation rate in January fell to 9 per cent, compared with 9.3 per cent at the end of December. The January increase was mainly because of increases in transport and energy prices, as well as to sharp rises in the prices of certain food products.

The Ministry of Finance took *comfort yesterday in the fact* that the increase in French prices last month was broadly in line with that of France's eight major trading partners who recorded an average increase of 0.8 per cent in January.

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Call for co-operation on Nordic economies

By Kevin Done, Nordic Correspondent, in Stockholm

THE NORDIC Counicl has launched a strong attack on their Governments of the five Nordic countries for their failure to draw up an action programme to combat rising unemployment in the region.

With the number out of work or involved in relief work in the five Nordic countries — Sweden, Denmark, Norway, Finland and Iceland —approaching 1m, members of the five Nordic parliaments called on the governments last year to produce a package of measures to create more jobs.

Finance ministers from the Nordic region have produced a study on economic development in the area, but Council members meeting in Stockholm this week claim that it lacks proposals for increased economic co-operation or measures to tackle joblessness.

The Nordic Council, a form of Nordic parliament which meets in annual session in one of the five capitals, is concerned that economic co-operation should be deepened.

The Council's economic committee, chaired by Mr Gunnar Nilsson, formerly head of the Swedish blue-collar workers' trade union federation, has demanded that Nordic finance ministers put more effort into a programme to stimulate the regional economy.

The Council's initiative appears to have little chance of success, however, given the different economic policies currently being pursued by Nordic governments.

Denmark and Norway at present have right-of-centre coalition governments, while the administrations in both Finland and Sweden are dominated by the Social Democrats.

The report says that economic policy differences make it impossible "to draw up a detailed action programme which all Nordic countries could agree on."

Regional unemployment is expected to be highest in Denmark this year at around 11.5 per cent compared with 5.5 and 6 per cent in Finland, 3 per cent in Sweden and Norway and just 1 per cent in Iceland.

IMF extends Yugoslavia talks

BY ALEKSANDAR LEBL IN BELGRADE AND DAVID BUCHAN IN LONDON

INTERNATIONAL Monetary Fund officials have extended until Friday their third round of negotiations in Belgrade over a $400m-$500m IMF standby credit and adjustment programme for Yugoslavia.

If the remaining differences between the Fund and Yugoslavia on bank interest and foreign exchange rates can be bridged, a letter of policy intent from the Yugoslav Government will be taken by IMF officials back to Washington for IMF board approval, and rescheduling of the $3bn which Yugoslavia owes Western banks and governments this year will follow.

If the hard bargaining fails to produce agreement with the IMF, Yugoslavia faces even greater economic austerity than acceptance of IMF terms would entail, Prime Minister Milka Planinc is reported to have warned the central committee of the country's ruling League of Communist yesterday.

Her Government has prepared an alternative economic strategy, known as the "reserve variant," to be followed in the event of breakdown in talks with the IMF. Since this involves a drastic switch in trade away from the West and presumably towards Comecon which would be incompatible with Yugoslavia's non-alignment, the alternative seems partly developed in order to cow strong domestic opposition to IMF terms.

The Government is under heavy pressure from various political and industrial quarters not to yield to IMF requests for further radical changes, beyond those already implemented in the 1981-83 IMF standby programme.

The irony in the present negotiations with the IMF, which have proved far harder than any in 1981-83, is that the views of the IMF and the Planinc government are nearly identical in principle, *and that IMF officials have* been using recent government plans and resolutions to argue their case.

The real clash is between the IMF arguing that adjustment during 1981-83 was too slow and must now be accelerated, and Yugoslav regional politicians and industrialists arguing for a slowdown in adjustment.

Yugoslav and IMF officials have edeged towardsa a final accord in the last three months of negotiations, by agreeing on money and credit policy for 1984 and o a partial revision in April of current price controls.

East Germany denies refugee links

BY LESLIE COLITT IN BERLIN

EAST GERMANY has denied that its Prime Minister, Herr Willi Stoph, had any "ties" to his niece, Frau Ingrid Berg, who has been in the West German embassy in Prague with her family since Friday in a bid *to be allowed out to West* Germany.

The unusual statement, carried by the East German news agency ADN, attacked the West German media for its alleged "defamation campaign" against East Germany.

ADN said *it* appeared *that* "anti-detente forces" in West Germany wanted to aggravate relations between the two German States. However, it noted East Germany would continue its efforts to "normalise" relations with Bonn.

Commission over-ruled in Ford sales dispute

BY PAUL CHEESERIGHT IN BRUSSELS

FORD WERKE of West Germany has won a tactical victory in its legal battle with the European Commission over whether its German dealers should supply British buyers *with right-hand drive cars.*

The European Court of Justice in Luxembourg yesterday declared that the Commission had overstepped its powers in telling Ford Werke in August, 1982, to resume deliveries after the company had stopped them three months before.

But the judgment favouring Ford Werke is not the last word. The motor group's distribution system is illegal, according to a Commission decision last November, and should be amended.

This decision is being contested in the Court and goes to the fundamental issue of whether the Ford distribution system can reserve the British market for Ford UK.

The struggle between Ford Werke and the Commission arose because British customers were taking advantage of lower prices than those in the UK.

Ford's attempt to stop this parallel trade prompted the Commission decision which started the litigation. The Court of Justice gave partial support to the Commission in an interim order which told Ford to continue supplying right-hand-drive cars.

Oxford Union prefers West's kind of fun

Anthony Robinson reports on the Weinberger-E. P. Thompson debate

WHEN Mr Caspar Weinberger, the U.S. Secretary of Defence, met his British counterpart, Mr Michael Heseltine, in London yesterday both men had reason to be pleased with themselves. The night before the Oxford Union had voted by 271 to 232 to reject the motion that "there is no moral difference between the foreign policies of the U.S. and the Soviet Union" after hearing Mr Weinberger defend U.S. policy against the passionate anti-nuclear arguments of Professor E. P. Thompson.

It was a debate which should have taken place last June. It was postponed after Mr Heseltine persuaded his U.S. colleague that the imminence of a general election at which deployment of Cruise missiles in Britain was a major issue made it inopportune.

Eight months later, with the election safely in the bag and the first Cruise missiles safe behind what Prof Thompson described as "three tall fences and the Greenham peace women." Mr Weinberger finally won the vote—but Mr *Thompson spellbound the audience.*

Half American himself—his mother was an American missionary in the Lebanon—Mr Thompson came not to bury America or give moral support to Russia. I have benefited from the openness of America . . . know that at this stage it is very difficult to criticize militarism in Russia . . . have just heard that historian Roy Medvedev is again under surveillance in Moscow and peace campaigner Olga Medvedkova faces trial on ridiculous charges.

But he warned "Both are locked in each others' nuclear arms . . . and accelerating towards an eventual collision."

In the process, he feared the U.S. was becoming more Soviet like and the hawks on both sides complemented each other. "The gulags have been shrinking on that side—but repression is *tending to increase in U.S. dependencies like central* America." Mr Thompson's solution—a growing consciousness on both sides of a divided Europe of their need to "make the space between the superpowers a more tranquil place and set in train a healing process."

He asked Mr Weinberger to put himself in the other man's shoes—to "try and imagine for a moment that the U.S. had been invaded, New York beseiged for three years like Leningrad, enemy troops at the doors of Washington, Chicago fought over block by block like Stalingrad—then Washington too might have been tempted to make and keep Canada as a buffer zone like Eastern Europe.

Not that Mr Thompson defended Soviet hegemony over the east, his aim was to make a passionate plea for common *sense and self-preservation to* triumph over the deadly inertia of dynamic deterrence.

It was a hard act to follow, and great was the contrast between Mr Thompson's religious fervour, ravaged good looks and flowing white mane and the dry clipped company lawyer style of Mr Weinberger. The brief was to discuss the respective morality of the super powers—and that was what Mr Weinberger intended to do.

"The Soviet view *is* that morality is what advances the interests of the Soviet Union . . . for the U.S., policy is moral if it defends and preserves certain inalienable rights—like life, liberty and the pursuit of happiness." *It was the perfect* example of the black and white definition of world events which so appalled Mr Thompson

But, Mr Weinberger went on, what made U.S. policy more moral in practice was the fact that the U.S. people had the right and power to force change upon their governments—while decisions in the Kremlin, like whether to invade Afghanistan for example, were taken "by maybe five men in the Kremlin" and any attempt by individuals to influence affairs was immediately suppressed.

All well and good — until up popped an irreverent undergrad to demand: "What is the difference between your puppet regimes and those of the Russians" — followed shortly afterwards by the immortal words of a British and Oxford patriot: "Both the super powers are basically Cambridge men — paranoid knee-jerkers, a plague on both your houses."

Good clean fun, which as Mr Weinberger pointed out, can be enjoyed behind our thicket of missiles, but not on the other side. The majority agreed.

Major Hong Kong statement expected during Howe visit

BY ROBERT COTTRELL IN HONG KONG

SIR GEOFFREY HOWE, Britain's Foreign Secretary, will soon make a "significant and important" visit to Hong Kong, Mr Richard Luce, British Foreign Office minister responsible for Hong Kong, said yesterday.

Officials say a date for the trip has not been set but it is expected that Sir Geoffrey may come in April, and that his visit may be the occasion for announcing decisive progress in Sino-British negotiations about Hong Kong's future.

Mr Luce said Britain's highest priority for Hong Kong was that any settlement of its future had to be acceptable to its people. He added, however, that he "had not got to the stage of considering the precise details of how we test (this) objective."

A referendum might be possible, although British officials had in the past privately regarded such a move as improbable. He could not say what would happen if Hong Kong did not appear to accept the settlement.

Mr Luce described as "perfectly natural and perfectly understandable" the desire of some members of Hong Kong's Legislative Council to debate any proposals for the territory before reaching a final Sino-British agreement. He declined, however, to endorse the motion calling for such a debate, which will be introduced into the Legislative Council on March 14.

Mr Luce was unable to say whether Hong Kong would learn of proposals for its future before an agreement was initialled by negotiators in Peking. He could only confirm that Hong Kong's views would be important to British parliamentary debate and ratification of such an agreement, once it had been reached.

Some analysts see China pressing for a speedy formal agreement couched in general principles, with matters of practical detail set aside for later consideration. Britain would like any formal agreement to cover as much detailed ground as possible.

Mr Luce said: "When we produce what we believe is the best possible solution it will contain both the principles and the detail." Britain had no deadline for the talks but wanted to proceed as fast as was reasonable.

Mark Baker in Peking writes: China's chief negotiator in the Hong Kong talks does not believe there is a serious problem of confidence in the future of the colony, according to Mrs Shirley Williams, president of Britain's Social Democratic Party.

She said the Chinese negotiator, assistant Foreign Minister Zhou Nan, believed Britain had the ability to exercise much greater control over the volatile Hong Kong economy.

Mrs Williams discussed the problem of financial confidence in Hong Kong and the need to ensure talented businessmen and young professionals remained in the colony, during a two-hour meeting yesterday with Zhou Nan.

Japanese industrial output leaps 10%

BY JUREK MARTIN IN TOKYO

THE JAPANESE economic recovery moved into higher gear last month with the news that industrial production in January was over 10 per cent up on the same month of 1983.

The seasonally-adjusted 0.8 per cent jump in the index—the sharpest in nearly four years—was, according to the Ministry of International Trade and Industry (Miti), led by the electronics sector.

Both domestic and external demand for videotape recorders and office automation equipment, in particular, spurred the advance, Miti reported.

In fact, the index, which covers mines and factory output, would have risen by a greater amount but for the disastrous fire at a major coal mine in Kyushu, which killed 83 people.

Other indicators of Japanese economic performance released yesterday also pointed to a quickening recovery. The Economic Planning Agency's compilation of leading, coincident and lagging indicators all showed appreciable improvement.

A separate survey of contracts agreed by the 13 major trading houses also demonstrated the growth in domestic demand.

Export contracts rose by a relatively modest 7.5 per cent, but import contracts shot up by 43.1 per cent, mostly representing heavier Japanese buying of fuels and basic raw materials.

Pakistan to seek $2bn aid for next year

BY MOHAMED AFTAB IN ISLAMABAD

PAKISTAN will seek $2bn (£1.2m) in external assistance, mainly from Western nations, for fiscal 1985 which starts on July 1.

The Government of President Zia ul-Haq expects the Western consortium led by the World Bank, and including the U.S., Britain and Japan, to provide $1.5bn to implement a wide variety of projects, and to finance essential raw materials imports.

The consortium is set to meet in Paris from April 11. It provided Pakistan with $1.17bn in fiscal 1983, and $1.43bn for 1984.

The proposed aid request, on which the Western aid Ministries are being sounded out, will barely meet development programme requirements of the size of those provided in 1984, despite a slight increase in money terms.

Pakistan also will seek $500m from non-Western donors, mainly the oil-rich Middle East nations. That amount will include $150m which it hopes will flow in as foreign private investment.

Pakistan's foreign exchange reserves are at this moment *$1.60bn, up 47.8 per cent from* $1.08bn a year ago. These are mainly attributed to better unit prices for exports, larger inflow of home remittances, and reduced imports which were discouraged by the rising rates of customs duties.

Kabul 'attack on Soviet embassy'

AFGHAN guerrillas have made co-ordinated attacks with rockets and mortars on the Soviet Embassy and Government buildings in Kabul, Western diplomats said yesterday, Reuter reports from Islamabad.

Envoys in Kabul were quoted as saying Soviet defenders responded with rockets to the attacks, which were staged to mark the fourth anniversary of protests in the city against the Soviet intervention.

Sikh militants are jailed

At least 30 Sikh militants were jailed after they burned part of a copy of the Indian Constitution yesterday in renewed protests across the troubled Punjab State, authorities said, AP reports from New Delhi.

Sukhjinder Singh, a Sikh extremist leader, was meanwhile acquitted of charges of sedition by a judge in Jullundur City, 215 miles north-west of New Delhi.

The Sikhs are demonstrating far greater religious and other rights.

Morocco wants clauses in IMF pact renegotiated

BY FRANCIS GHILES

MOROCCO'S Prime Minister, M Mohammed Karim Lamrani, is visiting Washington this week with a view to renegotiating certain clauses in the agreement signed last September between the kingdom and the International Monetary Fund.

The IMF approved an SDR 300m (£180m) loan to Morocco five months ago but riots earlier this year in northern Moroccan cities forced the king to backtrack on measures which would have raised the price of a number of staple foods.

The Moroccan delegation, which includes all the key economic Ministers, will also be seeking to convince the U.S. Administration to provide more financial support. The U.S. recently extended a $244m (£174m) three-year credit to the kingdom, the proceeds of which can be used to buy wheat.

A further $25m credit, granted on concessionary terms in the framework of Public Law 480, will serve the same purpose.

The last few weeks have brought a measure of comfort to those Moroccan Ministers whose responsibilities lie in the economic field. The visible trade deficit declined by 17 per cent last year to reach Dirhams 10 56bn and this should allow some of the import restrictions imposed last year to be lifted.

This improvement is largely attributable to the 5 per cent increase in the price of phosphates, the kingdom's largest hard currency earner.

Of even greater importance is the continuing and sharp increase in the value of phosphoric acid, monammonium phosphate and triple superphosphates. Exports of the latter increased by 119 per cent to 605,000 tons.

Iran thinks Baghdad's threat to hit Kharg Island is a bluff, **Roger Matthews** reports

Iraq hesitates to play its last trump card

THE UPSURGE of fighting in the Gulf war during the past fortnight again underlines the fundamental issue facing both Iran and Iraq.

That is, the point at which President Saddam Hussein of Iraq decides that his régime is so threatenedm that he is left with no option but to attack Iran's oil-export "jugular," without which Tehran would be unable to continue the war.

For well over a year, President Hussein has repeatedly threatened to use all the weapons at Iraq's disposal if Iran launches another offensive.

Western military analysts are in no doubt that given Iraq's considerable air superiority, its acquisition of new, longer-range Soviet missiles and its possession of five French Super-Etendard fighter bombers equipped with Exocet missiles, President Hussein does have the theoretical capacity seriously to disrupt Iran's oil exports.

Yet he is still hesitating to act decisively, despite Monday's claim to have attacked Kharg Island, Iran's main oil export terminal in the Gulf.

Tankers were loading normally at the terminal yesterday and Iran's belief that that Iraqi threats are primarily bluff can only have been reinforced.

This can only make it more likely that Iran will continue with the "rolling offensive" that it has planned for at least the next two months.

Western Government with access to satellite reconaissance are fully aware of the substantial Iranian troop concentrations which have been built up along the international border, backed by armour and artillery.

The attacks launched during the past two weeks in the central and southern sectors of the battlefront are believed to be a prelude to much larger offensives.

So far, Iraq has been largely successful in containing the Iranian attacks and has suffered fewer casualties, although they still run into the thousands. However, as in previous Iranian offensives, Iraq has probably been forced to concede some ground.

Iraq's air superiority and the in-depth defences it has constructed along the more vulnerable parts of the border suggests that unless there is a collapse of morale among the Iraqi forces, they should continue to withstand further offensives.

Yet merely containing the Iranians does little to bring the war towards a satisfactory conclusion. Iran still has the upper hand in the war of economic attrition and, without making any further progress in the fighting, can deny Iraq the use of its oil export terminals in the Gulf.

Although Iraq has expanded the capacity of its sole oil export pipeline to Turkey, the revenue it produces is far from sufficient to cover import requirements and the war effort.

Even if pipeline schemes across Saudi Arabia or Jordan do eventually come to fruition, Iraq will remain dependent for financial aid from Saudi Arabia and other Gulf countries for some time to come.

Earlier this year President Hussein impressed visiting U.S. diplomats with his determination not to allow this situation to persist.

They left Baghdad convinced that Iraq would strike against Kharg Island, or tankers attempting to approach the terminal, should Iran attempt another large-scale offensive.

However, President Hussein faces two constraints. First, is the advice of other Arab Gulf states and some Western Governments about the risks involved in widening the conflict and possibly drawing in the superpowers.

They have been urging Iraq to show restraint because of the fear that if it was successful, a badly wounded Iran could strike out in unpredictable directions. Once Iran's oil exports were severed, it would have no reason not to hit out at any and every perceived enemy.

Second, is President Hussein's own reluctance to commit himself. He took a major gamble in September 1980 by invading Iran and it has turned out disastrously for his country. He now has just one major threat left. To play that card unsuccessfully might spell the eventual end of his regime.

Balanced against that is the impact caused on the Iraqi population of the heavy casualty rate at the front, and the temptation among some members of the régime to believe that by replacing Saddam Hussein they would be more likely to be able to strike a bargain with Tehran.

Despite the difficulty of assessing the mood of the Iraqi people, it was noticeable in Baghdad at the end of last year that there was a widespread expectation that President Hussein would shortly be using the weapons of which he boasted.

However, with such an all-pervasive state security apparatus in operation, it is unlikely that such private doubts would ever be allowed to surface publicly.

Of greater concern to President Hussein will be the mood among senior military officers, who after three-and-a-half years' warfare may be asking themselves what alternatives there are to the continued sacrifice of their troops.

President Hussein must be heartened by the apparent solidarity of his people in rejecting the idea of a Khomeini-style government in Iraq. But that is scarcely a substitute for a clear strategy for ending the war.

For so long as Iran shows not the least sign of being willing to consider anything but a militarily-imposed end to the war, President Hussein will continue to balance his ability to withstand further attacks against the risks involved in launching an all-out strike against Iran's oil exporting facilities.

THE INCREASING threats to the oil port on Kharg Island could not come at a worse time for Iran, writes Kathleen Evans from Dubai.

Within the next four weeks, talks are to start between the Iranians and their Japanese buyers, who account for about 20 per cent of the country's crude exports.

Japan currently buys about *400,000 barrels a day, though* officials in Tehran say that new contracts would probably show a drop of 40 to 50 per cent in liftings but that the volume of purchases could be expected to increase in the third quarter of this year.

The Japanese are clearly disappointed with their own level of exports to Iran.

The decline in sales has been precipitious in the last *few weeks, as the war with* Iraq has been stepped up.

Jerusalem grenades blast injures 21

By David Lennon in Tel Aviv

A CLUSTER of hand grenades exploded in a busy Jerusalem street yesterday, injuring 21 people in the worst terrorist incident since six people died in a bomb blast on a bus in the city in early December.

The casualties might have been greater but that only two of the four hand grenades placed at the entrance to a clothing store in Jaffa Street actually went off. The other two were defused by sappers.

Police immediately rounded up an undisclosed number of Palestinians in the vicinity of the explosion. The Democratic Front for the Liberation of Palestine headed by Mr Naif Hawatmeh announced in Damascus that the bomb had been planted by one of its commando units.

A police spokesman, Insp. Moshe Alexandroni said the grenades were Soviet-made. The injured included Arabs and Israeli Jews, who were hit by shrapnel and flying glass.

One of the women who was injured in the bus bombing was among those hurt in yesterday's explosion. She is Mrs Efrat Shalev, whose legs were burned in the bus explosion, and who suffered facial injuries in yesterday's blast.

AMERICAN NEWS

Poll shows surge in support for Hart

By Stewart Fleming in Washington

A LATE SURGE of support for Colorado Senator Gary Hart in yesterday's New Hampshire primary threatened to transform the race for the Democratic Party's presidential nomination by throwing doubts over the front runner status of former Vice-President Walter Mondale.

The latest opinion poll among those qualified to vote in the first primary of the presidential election season showed Senator Hart and Mr Mondale in a dead heat with each candidate capable of commanding 30 per cent of the vote.

There was widespread agreement that Senator Hart had closed the big gap which existed between he and Mr Mondale since the Iowa caucus last week when Mr Mondale gained 48.9 per cent of the vote to Senator Hart's 16.45 per cent. However the ABC News-Washington Post poll included a sampling error of 5 percentage points on either side of the estimates, enough to give Mr Mondale the solid, if not overwhelming victory, his advisers were predicting.

The weather added to the uncertainties with storms sweeping through the state and increasing the difficulty of getting to polling stations. Apart from this, just over 100,000 registered Democrats and Independents were expected to go to the polls out of a total of 260,000 registered voters.

Moreover New Hampshire has a reputation for confounding both the pollsters and the political analysts at the best of times. What was worrying Mr Mondale's supporters more, however, was the state's reputation for upsetting favoured frontrunners.

While Senator Hart confidently predicted that he would come in a convincing second to Mr Mondale, Senator John Glenn, who slumped dramatically to a humiliating fifth place in Iowa, resolutely claimed he was not yet out of contention.

None of the other five leading candidates in the field was given much chance of affecting the position of the two front runners. There was, however, considerable interest in how Rev Jesse Jackson, the only black candidate, would fare, after his public apology for uttering remarks many interpreted as anti-semetic.

Wall Street is worried the recovery may not last. Terry Dodsworth and Paul Taylor report

Fear of renewed inflation unsettles U.S. markets

OVER THE PAST 18 months there has been one virtually sure-fire reaction in the currency markets—wait for an international crisis and back the dollar.

Yet twice in the last 10 days, despite worrying news ticking over the wires from the Middle East oil shipping lanes, the U.S. currency has continued to fall. However, on both occasions, gold has leapt ahead. In New York, at least, it is almost like old times.

These responses make up a part of the palpable change of sentiment which has occurred in the U.S. financial markets since the beginning of this year. After an 18-month run, the bull market has experienced its first major setback, with the Dow Jones industrial average falling by 152 points in seven weeks to a low of 1,134.21 last Wednesday.

Interest rates have been on the rise again since mid-January propelling the key Treasury long bond yield up to 12.14 per cent last week—its highest consistent level for almost a year.

Wall Street, which for a long time has enthusiastically embraced the recovery, is now fretting that it may not be sustainable without the renewed risk of a significant increase in the inflation.

After a long period in which investors appeared to be willing to take the present Administration's policies on trust, they are suddenly asking fundamental questions.

Among those investors are the foreigners who have been helping prop up the value of the dollar and fund the ballooning federal budget deficit. There are now signs they are having second thoughts.

"They feel that at this rate the Federal Reserve Board has no alternative except to expand the money supply," says Mr Michael Metz of Oppenheimer, the Wall Street investment bank. "That means there will be inflation somewhere down the road and it makes the dollar a risky investment."

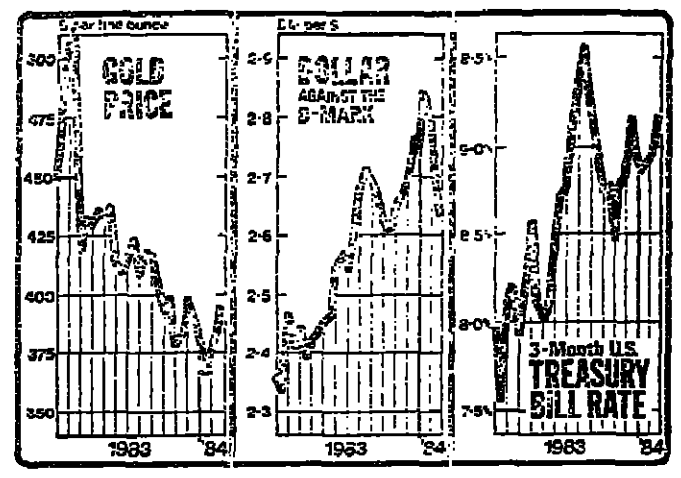
The re-ignition of these inflationary fears marks a vital change in the psychology of Wall Street after a period in which the markets in New York have been kept in step by the lure of non-inflationary growth. This spell has been largely maintained since the summer of 1982, when the equity market kicked into life and embarked upon its 66 per cent rise.

Since then the different markets have moved in a fairly predictable pattern. Stimulated by the hope and then the reality of economic growth, share prices have pushed ahead and helped attract foreigners into dollar-denominated securities.

At the same time overseas money has flowed into the debt markets in recognition of the high real interest rates which have been maintained as inflation fell sharply. This inflow of funds has, in turn, kept the dollar strong.

By autumn of last year, equity investors were beginning to look for a further decline in interest rates. After dropping sharply in the second half of 1982, when the Fed cut the discount rate from 12 per cent to 8.50 per cent between July and December, long-term yields in the U.S. last year gradually firmed.

Between the beginning and end of 1983 the key Treasury long bond yield moved from



10.41 per cent to 11.88 per cent, while three-month Treasury bills rose more than a full percentage point from 7.89 per cent to 8.96 per cent. Stock market investors began to fret about declining comparative yields as equities were bid higher in the closing months of the year.

At about the same time, attention began to focus on the Federal deficit as a potential danger. High interest rates had attracted a flood of capital into the U.S. to help fund the huge budget deficits — about $200bn this year—while leaving enough to keep private industry on the move. The market began to question whether this mix of policies was sustainable without either significantly higher inflation or a further damaging increase in interest rates.

This mismatch between fiscal and monetary policy was highlighted in Mr Paul Volcker's Congressional testimony earlier this month. The Fed chairman's comments made the deficit a central question and highlighted the potential vulnerability of the dollar.

Mr Volcker essentially said it was not possible to have huge deficits and continued non-inflationary growth. The spectre he raised for the markets was of a Fed with two hands tiel behind its back—unable to shift interest rates down for fear of risink its anti-inflation credibility and a sudden collapse in the dollar, and unwilling to risk raising rates for fear of choking the recovery.

Mr Volcker's message, combined with President Reagan's State of the Union message, in which he promised to do virtually nothing about the deficit, seemed to provide the excuse for the market to sit back and take stock of the Administration's policies for handling the second leg of the recovery. Wall Street clearly did not like what it saw.

Recent evidence of a continuing strong economic recovery has continued to highlight the fears of renewed inflation.

The yawning balance of payments deficit—running at about $80bn a year — has raised further anxieties that the dollar may be put under pressure, plunge down and add to the inflationary stimulus through higher import costs.

Meanwhile, the other side of this "double deficit" problem —the unbalanced budget—looks even more dangerous as international investors begin to question the dollar and the demands for private credit accelerate.

In the face of these unappetising facts, the financial markets have sent a stiff message to the President, brushing aside conventional wisdom that election years are good for equities.

While the Dow fell by 10 per cent from its early January high, the speculative growth stocks traded on the over-the-counter exchange fell even further—by 13 per cent.

The dollar began to show its first signs of weakening just before Mr Volcker sat down to deliver his congressional testimony. After hitting DM 2.82 against the West German Currency in mid-January the dollar has subsequently slipped back to its current level of about DM 2.60.

Even after this fall the U.S. currency is at an historically high level (when Mr Reagan moved into office in January 1980 the dollar stood at about DM 1.75) and few in the markets are yet ready to call the turn.

U.S. real interest rates, after all, still offer a premium of about 2.5 per cent at the long end over West German rates.

But there has been a clear change of psychology in recent weeks. The most significant features of the decline in the currency is that it has come despite the continuing steady increase in U.S. short-term interest rates and in the face of the sort of international crisis which has until recently sent investors scurrying for the "safety" of the U.S. currency.

Indeed some market analysts suggest gold may once again be replacing the dollar both as a "safe haven" in times of international crisis, and as a hedge against mounting inflationary worries.

"There has been a fairly substantial change in market perspectives," said Robert Feduniak of Morgan Stanley. Since reaching a low of $364.50 an ounce in January, gold has bounced back strongly to close at over $400 an ounce on Monday for the first time since September.

With a little pushing, shoving and goodwill on the deficit from Washington, many Wall Street analysts believe the markets could gradually recover some of their lost lustre.

The consensus view is that an increase in taxes sufficient to bring down the deficit and reduce inflationary pressures without killing demand might just do the trick.

But is this possible in an election year? The stock market, as shown by Monday's turmoil, would like to believe it is. But most hard-nosed dealers believe President Reagan and stick with his inner convictions

"People underestimate how simple minded politicians with a fixed ideology can be," says an analyst, commenting on President Reagan's likely course

Top Chilean banker arrested

BY MARY HELEN SPOONER IN SANTIAGO

CHILE'S banking superintendent, Sr Boris Blanco, has been arrested on fraud charges stemming from his role in interbank dealings while president of the Banco Sudamericano, one of five financial institutions taken over by the Government early last year.

A judge ordered the banking superintendent's arrest after his appearance in court early yesterday as part of an official inquiry into the affairs of the Panama-based Banco Andino, a shadowy affiliate of one of Chile's largest financial conglomerates, the BHC group.

Before becoming banking superintendant, Sr Blanco had served on the board of the Banco Andino, which investigators believe served as a channel for illegal loans from the Banco de Chile, the BHC's flagship bank and largest private financial institution in the country, to BHC companies.

Sr Blanco's own Banco Sudamericano, while not part of the BHC conglomerate, was a corporate partner

The first criminal charges against the BHC group were filed in mid-1983 as Chilean authorities attempted to unravel the web of bad debt portfolios and questionable loans made to related companies by the five banks now under state control.

A total of 12 banking and former banking executives have been arrested during the course of the investigation, including Sr Rolf Luders, the former Finance Minister and the BHC group's former vice-president, and Sr Javier Vial, president of the BHC group and former director of the Banco de Chile.

IMF team ends Brazil mission

AN International Monetary Fund team has completed a three-week examination of Brazil's economic performance and future, AP reports.

Brazil's Finance Ministry said the Government had outlined measures to cut the public deficit, maintain reserves and control credit for six months beginning April 1.

The details were not revealed, but they will be included in a new letter of intent to be submitted to the Fund during the next few weeks.

Reagan may put forward troop reduction proposal

PRESIDENT Ronald Reagan has tentatively agreed to a plan that could lead to an agreement with the Soviet Union to reduce troop levels in eastern Europe, according to a report published yesterday, AP reports.

The plan will be presented on March 16 at the troop reduction talks in Vienna and in an attempt to encourage Moscow to return to the Geneva nuclear arms talks, the Los Angeles Times reported, quoting unidentified U.S. officials.

The plan, which could eventually lead to a reduction in forces by both Nato and Warsaw Pact nations to equal levels, is currently being discussed with U.S. allies, the newspaper added.

Under the proposal, the U.S. would not pursue the issue of how many troops Warsaw Pact nations have in Eastern Europe at present if the Soviet Union allows the U.S. to monitor the reduced levels with on-site inspections.

In addition, the newspaper reported, Mr Reagan would repeat a previous U.S. offer to withdraw 13,000 U.S. ground troops from Europe

Argentina 'planning N-weapons legislation'

ARGENTINA'S Foreign Minister, Sr Dante Caputo, said yesterday the government of President Raul Alfonsin is considering legislation to guarantee its pledge against developing nuclear weapons, AP reports from Geneva.

Sr Caputo told the 40-nation conference on disarmament that the new democratically-elected government was committed to "peaceful use" of nuclear energy produced by its uranium enrichment plant in Ezeiza, and called international fears "unjustified."

Peru contender

Peru's former Prime Minister, Manuel Ulloa, has announced he will seek his party's nomination as a candidate to replace President Fernando Belaunde in 1985, AP reports from Lima.

Sr Ulloa, who pledges to follow President Belaunde's centrist policies, is the third major presidential contender in next year's elections.

El Salvador pledge

Anti-government forces in El Salvador are not p lanning "military action" during the country's March 25 presidential elections, Sr Guillermo Ungo, chairman of the left-wing Revolutionary Democratic Front, said yesterday, AP reports. Sr Ungo also said the opposition would not call a boycott of the ballot. His statement came the day after guerrillas were reported to have blown up a bridge.

Language Bill dies

A proposed constitutional amendment to protect the language rights of the French-speaking minority in Canada's Manitoba province died on Monday when the government gave in to opposition pressure and ended the current session of the provincial legislature, AP reports from Winnipeg.

Amnesty march

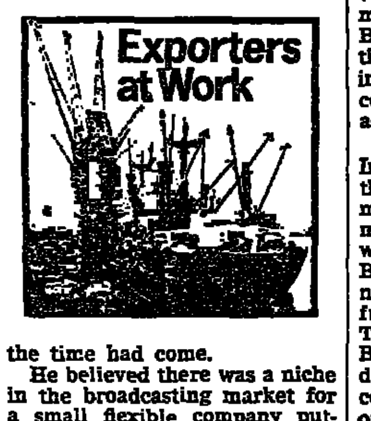
About 4,000 demonstrators marched through Montevideo late on Monday night, demanding that Uruguay's 10-year-old military government grant an amnesty for political prisoners said by human rights groups to number about 900, Reuter reports. Two months ago relatives of political prisoners handed President Gregorio Alvarez a petition calling for an amnesty.

WORLD TRADE NEWS

RADIO STATION SUCCESS

From Shepherds Bush to Timbucktoo

BY RAYMOND SNODDY



A LARGE grey vehicle bearing an alarming resemblance to a missile launcher recently trundled through Shepherds Bush in West London, on its way to a North African country.

Its purpose is entirely peaceful however, the "threatening" tubes that line its sides are actually the dismantled parts of the transmitting antenna for a mobile radio station. It sails from Felixstowe today.

Incomtel, a small British company specialising in the design, supply and installation of radio and television systems has built the mobile station on the back of two vehicles. The £500,000 station, which can retransmit programmes or broadcast its own, is the company's largest order in the six years of its life.

Mr Michael Burridge, managing director of Incomtel, explained that the mobile radio stations are designed to cover transmitter failures.

The stations can operate in remote areas for as long as required and can broadcast radio signals for between 60 and 70 km.

Incomtel's turnover has tripled to £3m in the last three years, almost entirely from exports and the staff of 33 have been responsible for broadcasting contracts in places as diverse as Sri Lanka and Niger. Engineers, some of them trilingual, are at present at work in Mali, Algeria and the United Arab Emirates.

Work was recently completed on the installation of four radio networks and the upgrading of four existing stations in Sri Langa and the company undertook an emergency job in Belgium when storms blew down a television transmission tower.

The business grew almost by accident. The company was set up in 1971 mainly to provide a retirement job for Mr Burridge's father, Bernard, a professional radio and telecommunications engineer.

For six years it was little more than a one-man consultancy, but in 1977 at the age of 46, Michael Burridge, who had worked both in the U.S. and the UK for an American company specialising in sophisticated aerial systems, decided if he was ever to go it alone, the time had come.

He believed there was a niche in the broadcasting market for a small flexible company putting together sub-systems such as aerials and power generation equipment for prime contractors such as Siemens of West Germany

"The first contract was for two Range Rovers equipped with radio communications for Algeria," said Mr Burridge. Turnover in the first year totalled £72,000, and the company has built up its experience and expertise so that it can now act as prime contractor for small broadcasting stations.

"The reason we have been successful is that we are able to be flexible," says Mr Burridge who will only say that the private company's profits are above the industry average. So far, Incomtel has never had to write off bad debts and the practice of operating in three currencies — sterling, dollars and D-Marks—has worked well.

It is at present bidding for a £1m television station contract in Africa and as the size of contracts rises Incomtel will be starting to buy its currency forward. "We are not currency speculators, but we haven't lost anything," Mr Burridge said.

He believes there is almost limitless growth potential around the world for the creation of new radio and television stations and the modernising and maintenance of the old. He is also planning to start training schemes for overseas technicians.

Incomtel's headquarters are near the heartland of BBC television in Lime Grove. It is perhaps appropriate that its latest job is to build a radio station in Mali—to improve reception in Timbucktoo.

Barbados seeks UK industrial investment

By Hugh O'Shaughnessy

THE BARBADOS Industrial Development Corporation (BIDC) moved smartly to attract new British industrial investment to the island with a seminar it held in London to extol its low labour costs and its new duty-free access to the U.S. market.

Under the Caribbean Basin Initiative (CBI) sponsored by the Reagan Administration, most Barbadian-made goods, a minimum of 35 per cent of whose value had been added in Barbados, can from the beginning of this year qualify for free entry to the U.S. market. The minimum percentage of Barbadian content can be reduced to no more than 20 per cent if 15 per cent of the value of the product originates in the U.S. or Puerto Rico.

A team from the BIDC headed by its chairman, Mr Fred Gollop, made a pitch to convince an invited group of British businessmen of the advantages of Barbados' position as a beneficiary of the CBI, a member of Caricom and a signatory of the Lome convention. The three schemes gave Barbados advantages in the U.S., Caribbean and EEC markets, he said.

Under the present five-year development plan of the BIDC, it is hoped to generate 6,500 new jobs and a 3 per cent growth in real output in the manufacturing sector in the island.

Spain hopes for Mideast sales

By David White in Madrid

A BIGGER Spanish share of Middle East markets is the chief objective of a visit which Sr Felipe Gonzalez, the Prime Minister, began Tuesday to Saudi Arabia, his first trip to the region since taking office 15 months ago.

His three-day visit is expected to focus specifically on openings for Spain's state-dominated defence industry and on prospects for Saudi financial backing for Spanish contracts in other Arab countries.

Spain is hoping for a further arms supply package following its recent $150m deal to send Saudi Arabia military vehicles, transport aircraft and ammunition.

ICAO may let twin jets fly the N. Atlantic

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE INTERNATIONAL Civil Aviation Organisation is considering relaxing its rule that twin-engined jets may not fly long distances over water. A change in the rule could profoundly influence the world air transport industry and bring much greater profits, particularly on the north Atlantic route.

Current ICAO rules, developed over 30 years ago in the era of piston-engined aircraft, require that no twin-engined airliner should be more than 90 minutes' flying time from a suitable airfield with both engines functioning, or 120 minutes at single engine speed.

"With the new generation of long-range twins, such as the Airbus A-310 and the Boeing 767, capable of flying on the long-range routes now served by three- and four-engined aeroplanes, the guidelines have come under increased scrutiny," says the ICAO (the aviation technical agency of the United Nations).

The ICAO is studying the formulation of new rules and safety standards for twin-engined jets, which would enable them to make long over-water flights.

Although the ICAO rules are not mandatory, most countries abide by them. The U.S. applies a more stringent rule of only 60 minutes' permitted flying time to the nearest airport for over-water twin jets, which prevents them from flying between the West coast and Hawaii.

If twinjets could be used on long over-water routes operating costs would be cut and airline profitability improved on some routes, and the design of future aircraft could be influenced.

The new rules would cover specific requirements for engine reliability, special airworthiness requirements and new operating procedures aimed at maintaining a high level of safety and regularity in operations.

The ICAO Air Navigation Commission is expected to consider the proposed new rules soon. If accepted, the new rules would be circulated to the 152 member-states for comment and then go to the full ICAO Council for ratification by late this year.

Pakistan to get design help

By Mohamed Aftab in Islamabad

THE EUROPEAN Community has agreed to help Pakistan improve the design and quality ots goods so that exports to Western Europe can increase. Products such as leather goods, engineering products, jewellery, gems and precious stones will be looked at.

Pakistan exports to the EEC were worth $440m in 1982 compared with imports from the Community totalling $1bn. Many of the imports are financed through economic assistance provided by the Community.

The Pakistan-EEC joint commission also reviewed the workers of the quota system regulating the import of Pakistan textiles, worth $150m a year. Two-thirds of the textiles come under the quota rules.

UK visits show concern for links with S. Africa

BY BERNARD SIMON IN JOHANNESBURG

BRITAIN'S concern not to allow political differences to disturb trade links with South Africa will be illustrated during the next few days by simultaneous visits of two of the highest-level British trade groups in this country in recent years.

A mission of six senior businessmen, organised by the United Kingdom-South Africa Trade Association (UKSATA), arrives in Johannesburg tomorrow. The mission is headed by Mr Sandy Marshall, chairman of Commercial Union Assurance, and includes Mr Keith Stuart, chairman of Associated British Ports, Mr Dick Lloyd, chief executive of the Hill Samuel Group, and Mr Basil Woods, deputy managing director of Guest, Keen and Nettlefolds.

Next week Lord Jellicoe, chairman of the British Overseas Trade Board, will meet cabinet ministers and local businessmen as part of a Southern African tour, including visits to Angola, Mozambique, Botswana and Swaziland.

South Africa was the UK's 12th largest export market last year, with imports totalling £1.1bn. But Britain's importance in South Africa's foreign trade has slipped in recent years. From being its leading supplier and export market up to the mid-1970s, the UK has dropped back to South Africa's fourth largest foreign supplier and third biggest export market, after the U.S. and Japan.

Canada 'may turn away from EEC'

By Our Trade Editor

EUROPEAN protectionism could force Canada to turn increasingly to other markets, the Canadian High Commissioner to Britain said yesterday. Mr Donald Jamieson cited EEC opposition to his country's newsprint trade with the UK as part of "a growing problem."

Canada would have to decide whether it was worth pursuing trade expansion with the EEC, or whether to look elsewhere, for example to the U.S. and the markets of the Pacific rim, he told the Glasgow Chamber of Commerce.

Canada is trying to assert claimed rights of access for its newsprint by taking a case to the General Agreement on Tariffs and Trade (Gaat). It claims that access provided by a 1973 Gatt agreement will be limited by EEC proposals.

China to invest in Australian iron ore mine

BY MARK BAKER IN PEKING

CHINA HAS confirmed that it is planning long-term Australian iron ore contracts and to invest directly in a new iron ore mine in Western Australia from which it will buy the entire production.

But leading officials of China's steel industry have raised doubts about whether China will take up the proposal of Australia's Prime Minister, Mr Robert Hawke, for large-scale imports of crude steel.

The chief spokesman for the steel industry, Mr Mu Xemo, said China was examining partnership proposals from five Australian mining companies to open an iron ore mine.

He said China would choose one of the projects within six months and, pending a detailed feasibility study, was prepared to make a substantial equity investment. China would undertake to buy as much iron ore as the new mine produced.

He said that China was also pressing ahead with negotia- Australia to supply iron ore for the big Boashan Steel complex, near Shanghai, which starts production next year.

Mu Xusemo, and a vice-president of the China metallurgical import and export corporation, Zheng Shiquan, said Australia would be the biggest ore supplier for Baoshan, providing about 50 per cent of the 5m tonnes of ore needed each year for the first stage of the complex.

This would be worth between A$40m (£25.7m) and A$50m (£32m) a year to Australian miners, based on the current prices for ore sales to China.

While the Chinese officials would not say how much China was considering investing in a mining joint venture, Australian trade officials believe they are looking at an investment of about A$75m.

The officials indicated that it was uncertain whether China would adopt the proposal made by Mr Hawke during his visit to Peking earlier this month, for China to buy large amounts of Australian crude steel.

"Whether we'll import or not, and if so how much, is not clear," Mu said.

"The problem is that we in China attach a lot of importance to economic results. Whether we will get good economic results by importing crude steel or not is what we have to take into consideration."

He said the issue would have to be resolved by a joint working committee to be set up by China and Australia. The committee is expected to have its first meeting in Peking in April.

Most of China's existing rolling mills were working to capacity, he said, and China's steel production targets were under review.

Zhang said five Australian mining companies had presented investment proposals to China: Hamersley, Goldsworthy, CSR, Mount Newman and BHP.

Poland sees Comecon earnings increase

By Christopher Bobinski in Warsaw

POLAND'S hard currency trade with its other Comecon partners grew last year with the value of exports reaching $256m and imports $218m. Hard currency transactions between Comecon countries are little publicised and usually deal with high quality goods which would otherwise have found a buyer in the West.

In 1983 Poland's hard currency sales to Comecon made up 4.2 per cent of the value of sales to Comecon and 3.4 per cent of imports. In 1982 Poland sold $166m worth of goods to Comecon and imported $144m worth in hard currency.

In 1981 when Poland's coal production slumped and export orders remained unfulfilled, hard currency sales to Comecon fell to zero. But imports that year ran at $181m resulting in a hard currency deficit with Poland's soft currency partners.

Floating power station ordered

Mitsubishi Heavy Industries said yesterday it has won a Y9.3bn (£27m) order for a floating diesel-engine power plant from Jamaica through Toyo Menka Kaisha, Japan's seventh-ranked trading company, Kyodo news agency reports. The plant, to be operative at the end of 1985, will supply electricity in the capital city of Kingston.

De Havilland sale

De Havilland Aircraft said Monday it had received a $44m order for five Dash 7 models from Cairo-based Petroleum Air Services—the largest single order for the four-engine propjet in its 10-year history, AP reports from Toronto.

IFC Brazil stake

The International Finance Corporation said it was lending $20m and taking a $4m equity stake in a $140m chemical plant project near Recife on Brazil's north-east coast, Our Trade Staff writes.

Italian aid offer

Italian Foreign Trade Minister, Sig Nicola Capria, said Monday Italy had offered India $700m in soft loans and grants to help its development projects in 1984-86, AP reports from New Delhi.

Revenue faces tax rule challenge

BY DAVID LASCELLES

BUILDING SOCIETIES, the savings institutions which traditionally have been the main providers of house purchase funds in Britain, last night threatened to challenge in court the Inland Revenue's decision to tax their profits on holdings of Government stocks (gilts).

Mr Nigel Lawson, Chancellor of the Exchequer, has refused to reconsider the tax.

Mr Herbert Walden, chairman of the Council of the Building Societies Association, said he was "very disappointed" with the Chancellor's position, set out in a letter he received yesterday.

"The Association and individual societies," he said, "will need to consider what further steps are open to them to challenge both the decision and the method of its implementation."

Mr Walden emphasised the societies' anger at a meeting last night with Mr Ian Stewart, Economic Secretary at the Treasury.

Mr Walden had written to Mr Lawson complaining about the Revenue's ruling which subjects any gilts profits realised after last Thursday to capital gains tax.

He said it had been made without consultation and was retrospective because it affected gilts bought before that date. He also warned that it would push up mortgage rates.

Mr Lawson replied that he could not agree to any concessions, and advance warning was impossible because the ruling had "high market sensitivity."

The societies want the new tax to apply only to gilts bought after last Thursday, not before. Mr Walden said: "It is noted that the Chancellor failed to comment on the Association's point that investors in offshore funds were given far more lenient treatment than societies, and their members, when their advantages were terminated in 1983."

Mr Lawson last night also refused to release the text of a letter from the Inland Revenue to the British Bankers Association laying out plans for banks to pay interest on deposits net of tax. Replying to a question by Mr James Craigen, Labour MP for Glasgow Maryhill, he said the letter was confidential.

The proposal would extend the building societies' composite rate arrangement to the banks in 1985. Legislation would be included in the forthcoming Finance Bill.

The banks reacted angrily to the proposal yesterday, saying they objected to the composite rate in principle as a subsidy to taxpayers. But they are also concerned about the cost and the possible effect on profits. The Consumers Association criticised it because it would reduce savings scope for non-taxpayers.

A spokesman for the British Bankers Association said the banks had made their feelings known to the Inland Revenue.

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Tougher law aimed at delinquent directors

BY ALISON HOGAN

THE GOVERNMENT plans to introduce tough sanctions against delinquent directors in a radical reform of UK insolvency law outlined in a White Paper (policy document) published yesterday.

Mr Alex Fletcher, minister with responsibility for corporate and consumer affairs, said that the sanctions would act as "incentives" to directors to be "better informed regarding the financial future of their particular business."

A proposal in the White Paper that a director of an insolvent company which is wound up by a court, whether that person is executive or non-executive, will be disqualified automatically for three years from the management of any company, has provoked immediate criticism.

Sir Kenneth Cork, head of the Insolvency Review Committee, whose report formed the basis for the White Paper, said he welcomed reforms, but he believed that the disqualification was "too harsh" and would not get through parliament.

The Institute of Directors said they feared that innovation and enterprise in business leadership would diminish as a result of the proposed measures.

Another proposal that directors may be personally liable for the debts of a company if a court finds them guilty of wrongful trading, has been widely welcomed.

The Government is hoping to introduce a Bill in 1984–85.

Kinnock dismisses two of his team

By Peter Riddell, Political Editor

MR NEIL KINNOCK, leader of the Labour Party, yesterday exercised his personal authority for the first time and dismissed two of his front-bench spokesmen on the unusual grounds that they had voted against the Conservative Government.

The two men were Mr Frank Field, the MP for Birkenhead and a social security spokesman, and Mr Max Madden, the MP for Bradford West and a spokesman on health. They were removed because they had failed to abide by the decision of the Labour leadership not to vote at the end of the debate on Monday night on GCHQ, the secret intelligence, centre where the Government has banned trade union membership.

The shadow Cabinet had decided to abstain on the grounds that the Government should not be able to claim to have a large House of Commons majority for its policy, and also to allow Conservative divisions on the issue to be exposed.

A vote was forced, however, by the SDP/Liberal Alliance and Mr Field and Mr Madden were among half a dozen Labour MPs who voted with the Alliance against the Government.

The dismissals took MPs by surprise. Mr Kinnock's action was clearly intended to show the contrast with the more lax regime under his predecessor, Mr Michael Foot. A spokesman for Mr Kinnock said it reflected the smack of firm leadership.

Some Labour MPs saw the move as a clear warning of tight discipline to the Labour far left

U.S. tax law proposals 'could harm London'

BY CHARLES BATCHELOR

CHANGES proposed in U.S. tax laws could do considerable harm to London as a financial centre and increase the cost of Eurodollar funding to non-U.S. borrowers, Dr Michael von Clemm, chairman of Credit Suisse First Boston, said yesterday.

A proposal to remove withholding tax on interest dividends could be implemented after the next U.S. presidential election, he told the FT conference in London. This would take much U.S. corporate borrowing back to the U.S. and increase tax revenues at a time of budget pressure.

The Gibbons-Conable Bill sought to remove U.S. withholding tax on all interest paid to foreigners, with the aim of persuading borrowers to work through the U.S. capital markets. If the Bill became law, European investors large and small could be expected to transfer a large part of their investments into direct U.S. debt at the expense of the dollar Eurobond capital market based in London, Dr von Clemm said. This could push up borrowing costs by 25 to 125 basis points.

A separate Bill, which does not have the backing of the U.S. Treasury, proposed removal of withholding tax from Eurobond issues by U.S. corporations. This would have the advantage of freeing U.S. companies from the need to borrow through tax havens such as the Netherlands Antilles but would not encourage U.S. capital inflows

British and other. European participants in the Eurodollar market should lobby in Washington for this proposal, in preference to the Gibbons-Conable Bill, Dr von Clemm advised.

The role of European institutions would be eroded by the Gibbons-Conable proposals and even major participants would be hard pushed to find a role in a New York-based capital market similar to their present role in Europe, he said.

Mr G. W. Mackworth Young, chairman of Morgan Grenfell and of the British Invisible Exports Council, said he had no cause to doubt that the Treaty of Rome would be implemented to the full, despite the appearance that each member country was fighting for its own selfish ends. It had taken the 13 founder states of the U.S. 50 years to adopt a common currency despite their having a common language, common antecedents and a common culture.

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Mr Peter Jay, former UK Ambassador to the U.S., analysed "the alarming degeneration" of relations between Western Europe and the U.S. He blamed this partly on a tendency for European political leaders to take prominent positions on global issues as if they were superpowers, yet fail to back their rhetoric with either deeds or money.

The long-term remedy to these ills lay in a return to the ideals which led to the establishment of the United Nations, the Marshall Aid programme and the IMF after the last war, he said.

Western countries needed to give an intellectual and moral dimension to their policies if they were to appeal to the uncommitted peoples of the Third World. Europe had to renounce its attempt to establish itself as a second pillar equal in stature to the U.S., he argued.

Mr Roy Withers, deputy chairman of Davy Corporation, urged the City of London to develop more creative financing for large overseas contracts, while Mr J.A. Lorenz, managing director of Equity Capital for Industry, said London had developed a strong lead as the centre of venture capital funding in Europe.

Mr Withers said commercial loans would become increasingly important compared with buyer credits, while foreign governments which faced large debt burdens would no longer be able to provide sovereign guarantees for loans.

This would place a heavier responsibility on banks to assess the viability of projects. They must become less averse to risk, he said.

The international bond market could play a more important part in fund raising. OECD "consensus" funds would continue to be important but this facility needed to be constantly attuned to new developments.

There was a growing role for commercial insurance. Britain should also make greater efforts, as had the Japanese, to guarantee businessmen in Third World countries that the products of their plant would find a market.

Call for larger UK role in Ten

BY PETER RIDDELL, POLITICAL EDITOR

BRITAIN should play a more constructive role in the EEC and seek to create an active economic community, Mr Roy Hattersley, the British Labour Party's deputy leader, said yesterday.

In the third of his four major economic speeches before the UK budget, Mr Hattersley told the conference in London that it would be deeply against Britain's interest to withdraw from the EEC.

Mr Hattersley, a prominent supporter of British membership, attempted to take Labour's post-election reappraisal of its EEC policy a stage further.

His emphasis was distinctly more positive about the EEC than some of his shadow cabinet colleagues, although he supported the proposal for a new EEC treaty by Mr Neil Kinnock, his leader.

Mr Hattersley argued that Britain was much more likely to achieve a permanent solution to its complaints about the EEC budget if it established a new scheme, which was consistent with the idea of the Community and in the interests of a majority of its members.

He stressed that Britain "must not alienate friends by threatening to paralyse the Community then excite contempt by losing our nerve before the threat is carried out – and simply pretending that our will has prevailed. I am, for instance, in favour of making it clear that unless the promised budget rebate is paid we will not pay our contribution, but only if we mean it."

A concerted expansionist economic policy within the EEC was vital, he said, although this would require major changes in some EEC institutions. On the Common Agricultural Policy, Mr Hattersley called for reform not abolition.

He said Britain should press for a more rational level of agricultural support which benefited the whole community, by reducing the number of products which are covered by guarantees for farm incomes and recasting the guarantees at economically justifiable levels.

Mr Hattersley also urged changes in the overall pattern of receipts and payments, leading to a new system which calculated payments in relation to gross domestic product and distributing funds to a wider variety of projects.

In particular he urged a higher priority for policies to help the poorest regions of the Community.

Chairman named for FT

BY LISA WOOD

LORD BLAKENHAM, chairman of S. Pearson & Son, the industrial holding company, has been appointed chairman of the Financial Times, which is part of the Pearson group.

Lord Blakenham, who has been with the group for 22 years, will take up his appointment at the beginning of April.

He succeeds Mr Alan Hare, who retires on March 31 on reaching the age of 65. Mr Hare had been appointed chief executive in 1975 and became chairman as well in 1978. Last October he handed over his executive duties to Mr Frank Barlow, who was general manager at Westminster Press.

Lord Blakenham, aged 46, has been on the board of S. Pearson since 1971. His career in the group includes periods with Lazard Brothers, Royal Doulton and Pearson Longman.

Pearson is a diversified group with 30,000 employees. Its main businesses are: publishing – the Financial Times, Westminster Press, Longman, Penguin; tableware – Royal Doulton Tableware; engineering – Fairey Holdings; entertainment – Madame Tussaud's; banking – Lazard Brothers; oil services – Camco (U.S.).

Esso reduces oil prices

By Richard Johns

ESSO yesterday cut its wholesale prices in the UK for a wide range of oil products, only six weeks after they had been raised.

The company said it was reducing wholesale petrol and diesel by 2.3p a gallon to 180.7p a gallon for petrol and 169p a gallon for derv.

The price of kerosene will also fall, by 0.5p a litre, to 136p a gallon for aviation fuel. Gasoil goes down by 0.35p a litre and fuel oil by 0.25p a litre. The cost of marine fuel is also being reduced.

Esso said the cuts would wipe out between one quarter and one third of the increases imposed in January. Those increases had been eroded by unofficial rebates, which have been rife in the industry for many months.

UK NEWS

BCal to prepare for shares listing

By Michael Donne, Aerospace Correspondent

CALEDONIAN AVIATION Group, parent company of British Caledonian Airways (BCal) may seek a stock exchange quotation around the spring of 1985.

The group would float enough shares to raise between £100m and £150m in capital, which would be used to finance expansion, including the possible purchase of equipment and routes from British Airways (BA), if the state airline were permitted to sell these by the Government.

Earlier this week BCal announced pre-tax profits of £3.2m for the financial year to October 31, against losses of £655,000 in the previous year.

The full accounts for BCal and the Caledonian Aviation Group, which includes hotels, engineering and helicopter companies as well as the airline, are due in late March.

A spokesman for the group said yesterday that Sir Adam Thomson, chairman, envisaged going to the market before the privatisation of British Airways, so as to raise cash to finance any transfer of routes and aircraft from BA to BCal.

A final decision will be taken later this year. It depends on what emerges from the present civil aviation policy review which is being undertaken by the Civil Aviation Authority (CAA) at the request of Mr Nicholas Ridley, Transport Secretary.

BCal has made the question of a routes transfer from BA the core of its submission to the policy review, and it is now up to the CAA to decide whether or not such a transfer would be beneficial to UK air transport as a whole.

The CAA will be making recommendations to Mr Ridley some time in late spring or early summer. It will be in the light of those recommendations, and Mr Ridley's response to them, that BCal will in turn decide its course of action.

● Air traffic handled at the British Airports Authority's seven airports, including Heathrow and Gatwick, rose again in January to more than 3m passengers, nearly 7 per cent up on a year ago.

Commission blocks £5m aid for Yamazaki plant

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission is blocking British Government aid to the Japanese company Yamazaki which would help to build a machine tool production plant at Worcester in the West Midlands. The commission wants first to assess the scheme's possible impact on the community's struggling machine tool industry.

The decision to withhold approval of the proposed £5m aid has irritated British officials and aroused some fears that it could jeopardise the entre plant, which would be highly sophisticated.

Details of the project have not been revealed. But Yamazaki's total investment will be well over $20m (£13.6m) and more than 200 jobs would be created.

West Germany, France and Belgium were interested in attracting Yamazaki. The commission's investigation of the project is believed to have been triggered by an appeal from Bonn. This comes at a time when the commission is adopting a progressively more stringent attitude towards the provision of state aids. The new development is seen as a potentially tough competitor for EEC machine tool producers.

Before the commission takes a final view, the British Government is being asked to supply more information to satisfy Brussels that the aided investment will serve an overall EEC interest.

Among other things, the commission is keen to know whether the Worcester plant will involve a real transfer of technology into the EEC, which is regarded as desirable, or whether the UK plant will be merely an assembly operation.

The commission also wants to satisfy itself, given the competition for the Yamazaki investment, that the government aid was not the key factor in the company's choice of the UK.

The aid was granted under the UK's flexible manufacturing scheme. The scheme attracted the commission's interest when it was brought in two years ago because – among other things – of its general nature. As a result, the British have to submit for prior approval any proposed aid for investments worth more than £5m.

● Thorn EMI Lighting, leading UK manufacturer of lighting equipment, is stepping up investment in its West German subsidiary, which has recently returned to profit after a reorganisation, **Jason Crisp** writes.

Thorn EMI Lighting is to spend £500,000 a year for the next three years on its plant at Neheim. The subsidiary has a turnover of £18m a year and has been making losses of about £3m a year. After a reorganisation last year, the German company is now in profit, according to the company.

Last year, the two German subsidiaries, Thorn Licht and Kaiser Leuchten, were merged and reorganised and staff reduced from about 600 to 400. The company moved away from production of decorative lamps to the 2D fluorescent tube. The company is to make a major push in the West German market, the largest in Europe.

A franchise for fast growth

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S franchise movement has been growing rapidly when other sectors have been suffering from the recession. The British Franchise Association says sales of £500m last year will be more than £1bn by 1985, and the number of people directly employed will increase from 30,000 to 50,000.

Franchise operations are run by franchisees who pay an initial fee, and usually a continuing royalty, to the franchisor, the company which owns the trading rights. Their origins can be traced back almost two centuries to when UK brewers created the tied-house system to guarantee sales outlets for their beer. The recent rapid growth has been among fast food businesses like Wimpy and Kentucky Fried Chicken, or service companies like Dyno-Rod, which clears drains, and Prontoprint.

The franchise association believes there are many other businesses which could benefit from offering franchises. Vending machines, parcel distribution and concrete supply all have potential.

Mr Brian Smith, the new chairman of the association which was set up in the late 1970s, said: "Some 5,000 new businesses have been established by our members and this is a fraction of the contribution that franchising as a whole is generating for Britain."

The typical franchisee is under 40, married and needs about £20,000 on average to start in business. The cost of operating a franchise can vary from £5,000 to £250,000, fast food restaurants being among the most expensive. Redundant executives are among those to whom the sector appeals.

The return on the initial capital invested is recovered in just under two years on average and the return on the full cost in just over three years. A large fast-food restaurant, however, might take four to five years for the investment to be recovered.

One of the biggest developments in franchising in recent years has been the willingness of the major clearing banks to offer specialist help. Barclays and National Westminster, for example, have franchise departments to help branch managers decide whether to advance a loan.

Most referrals are from the company operating the franchise which has already vetted the franchisee. Only about two thirds of the starting capital is usually advanced because the bank wants to ensure that the franchisee has the personal commitment of investing some of his own money.

In the rest of Europe, franchising is also gaining ground, although at a slower rate than in the UK. The EEC has recognised the importance of franchising by appointing a representative from the European Franchising Association to the European Trade Commission.

FT CONFERENCE ON CABLE TV AND SATELLITE BROADCASTING

Legislation planned for joint project in space

BY RAYMOND SNODDY

THE GOVERNMENT plans to put forward amendments to the Cable and Broadcasting Bill if the BBC and the independent television (ITV) companies decide they can cooperate on a joint satellite broadcasting project in space.

Mr Leon Brittan, the Home Secretary, told the FT conference yesterday that if there was agreement and the legislative changes were acceptable to Government, "we would bring forward the necessary legislation urgently and, indeed, would add it to the present Bill while it is still before parliament."

The Bill is soon to leave the House of Lords for the House of Commons and the Government can introduce amendments until the report stage, probably in May or June.

Mr Brittan did not specify what legislative changes might be necessary, but the two main areas would probably be an extension of the ITV companies' existing franchises, and legislative provision for a joint venture company that would run any united direct broadcasting by satellite (DBS) project.

The Government has not yet decided whether it can offer the ITV companies extended franchises in return for participating in the £400m project, but Mr Brittan is expected to meet the UK broadcasters to discuss the issue early next month.

Mr Brittan said yesterday that the Government was giving the joint DBS proposal "a fair wind," but it was too soon to say whether agreement could be reached on a basis acceptable to all parties.

Government policy on both DBS and cable television was "to create a climate in which those who want to take the opportunities are free to do so and feel encouraged but in no way bullied to do so," Mr Brittan said.

The Government was also seeking to impose "modest restrictions" on the new technologies to maintain equilibrium between the old and new, and to offer the best hope of "preserving a balanced public interest in a rapidly changing scene."

Mr Brittan said that now the Government had approved 11 cable pilot projects, it was waiting to see "with hardly less interest than those who have invested money in these ventures" how quickly the customers will be forthcoming.

Mr Alasdair Milne, director-general of the BBC, said he had been pessimistic about the future of DBS a month ago, but the sort of consortium that the BBC was now discussing with the Government and the sort of resources that it could attract made DBS look possible.

That, however, depended on manufacturers' being able to produce receiving equipment at reasonable prices. The BBC had had to be cautious in its decision because it might have led it into the position where it ran out of money.

Mr Milne also said in answer to questions that the broadcaster hoped to be able to attract a manufacturer such as Thorn-EMI to handle the installation of DBS equipment and revenue collection on the ground.

The BBC had been accused of overweening ambition in seeking to enter new forms of broadcasting such as DBS. European public service broadcasters had, however, taken similar decisions and eventually transmission via satellite would become the orthodox method of transmitting broadcast signals.

Apart from the prospect of additional networks, "it would be a dereliction of broadcasting duty if we did not introduce a technology that bids fair to replace the means we use now," he said. The director general gave an undertaking that involvement in DBS would not lead to a reduction in quality, balance or range of existing programmes.

"Either DBS provides new or enhanced services, or the BBC will not take part," he added. The arrival of high-definition television – possibly by 1992 – which required satellite technology for transmission would make watching feature films in the home very much more enjoyable, he predicted.

With the Cable Television Authority due to exercise its functions with a "light touch", there was all the greater need for satellite television to live up to and conform to public service broadcasting standards. It was questionable however, whether an electronic industrial revolution could be led by entertainment.

M Gérard Thery, director general for telecommunications of the French PTT, said that European governments and industry faced difficult choices over DBS because of the speed of technological change. M Thery, who is about to produce a study on the future of DBS for the French Government, said that because of improvements in antenna efficiency it was possible either to reduce aerial size from 0.9 metres to 0.4 metres, making installation easier, or to reduce the output power of the satellite by a factor of five.

The same spacecraft platforms with 100W or 50W satellite amplifiers instead of 230W could be used to cut the price of each satellite channel by a factor of five. Such an increase in channels could be used to create a real European television service. The reduction in power, however, would need international agreement because interference levels would also be five times higher.

Such a departure from the standard set by the World Administrative Radio Conference in 1977 "would mean that the technological and industrial advances gained in Europe in high-power satellites would have to follow different directions or to find different markets," he said.

Mr Steve Turner, international marketing manager of Plessey Scientific Atlanta, appealed for the creation of a pan-European cable television industry. He asked that commercial interests should not be focused entirely within national boundaries and that companies look for options and opportunities across Europe.

Mr Donald Wray, assistant managing director for British Telecom Broadband Services, said he believed all prospective cable operators in the UK had significantly underestimated the costs of their projects. Some had based their figures on the U.S. experience, where rock cutters had automatically cut out trenches just big enough for the cable. In the UK, the spaghetti of underground services meant that nearly all trenches would have to be hand-dug and reinstatement costs would be considerable.

Herr Ronald Dingeldey, president of the Bundespost Telecommunications Engineering Centre, said the aim of the Bundespost was to cover 50 per cent of West German households with broadband and cable networks within five to seven years. Last year DM 800m was invested. This year and subsequent years between DM 1bn and DM 2bn was likely to be invested.

Mr Daniel Ritchie, chairman of Group W, Westinghouse Broadcasting and Cable, said that despite its well publicised difficulties, the U.S. cable industry was alive and well and on the road to success. According to some estimates the average subscriber paid $16.80 a month, giving an annual revenue total of $7bn.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to The Japan International Fund Limited ("the Fund"). The Participating Redeemable Preference Shares of US 1 cent each in the capital of the Fund ("Participating Shares") are offered on the basis of the information and representations contained in this document. All other information given or representations made by any person must be regarded as unauthorised.

The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion. All the Directors accept responsibility accordingly.

A copy of this prospectus, having attached thereto copies of the Contracts and the Auditors' Consent referred to respectively in paragraphs 6 and 9 of Appendix D, has been delivered to the Registrar of Companies in England and Wales for registration.

Application has been made to the Council of The Stock Exchange for all the Participating Shares, issued and available to be issued, to be admitted to the Official List.

The consent of the Finance and Economics Committee of the States of Jersey under the Control of Borrowing (Jersey) Order 1958 (as amended) has been obtained for the issue of up to 9,000,000 Participating Shares. It must be distinctly understood that in giving this consent the Finance and Economics Committee does not take any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them.

The distribution of this prospectus and the offering of Participating Shares may be restricted in certain jurisdictions. It is the responsibility of any person in possession of this prospectus and any person wishing to make applications for Participating Shares pursuant to this prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction.

This prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, the Participating Shares have not been registered under the United States Securities Act of 1933 or the Securities and Exchange Law of Japan and, except in a placement by the Fund that does not involve a public offering, may not be directly or indirectly offered or sold in the United States or in Japan or to or for the benefit of United States citizens or residents or to residents of Japan, or to others purchasing the Participating Shares for re-offering, re-sale or delivery directly or indirectly in the United States or in Japan, or to or for the benefit of any such persons.

This prospectus shall not constitute an invitation to the public of the Cayman Islands to subscribe for any of the Participating Shares.

Statements made in this prospectus are based on the law and practice currently in force in the Cayman Islands, the United Kingdom, Jersey and Japan, and are subject to changes therein.

28 February 1984

The Japan International Fund Limited

(An exempted company registered with limited liability on 17 February 1984 under the provisions of the Companies Law, Cap. 22 as amended of the Cayman Islands)

Offer for subscription of up to 9,000,000 Participating Redeemable Preference Shares of US 1 cent each at US $10 per share payable in full on application.

Share Capital

Authorised		**Nominal**
10,000	Management Shares of US $1 each	US $10,000
9,000,000	*Unclassified Shares of US 1 cent each	US $90,000
		US $100,000
Issued, or now being offered		**Total (including premium)**
1,000	Management Shares of US $1 each	US $1,000
9,000,000	Unclassified Shares of US 1 cent each	US $90,000,000

*Unclassified Shares may be issued as Participating Redeemable Preference Shares or as Nominal Shares. *The Nominal Shares may only be issued at par for the purposes of providing funds for the* repayment of the nominal amount of any Participating Shares redeemed.

Further details are set out in Appendix A below.

Indebtedness
At the close of business on 24 February 1984 the Fund did not have any debentures, loan capital (including term loans) outstanding or created but unissued nor any other borrowings, mortgages, charges or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances or acceptance credits, hire-purchase commitments, guarantees or any other material contingent liabilities.

Issue of Participating Shares
Offer for subscription of up to 9,000,000 Participating Shares of US 1 cent each at US $10 per share payable in full on application.

The subscription lists for the Participating Shares offered will open at 10.00 am on 7 March 1984 and will close not later than 3.30 pm on the same day. For information as to how to subscribe, see Procedure for Subscription below.

This prospectus does not constitute an offer or invitation in respect of Participating Shares at any time after 7 March 1984.

In the event that the amount raised by the issue of Participating Shares pursuant to this offer is less than US $3,000,000 (see paragraph 8 of Appendix D) all application monies will be returned to applicants at their risk and will be posted not later than 14 March 1984.

Administration

Registered Office
The Aall Building, North Church Street,
Grand Cayman, Cayman Islands, British West Indies

Manager
Lazard Securities (Jersey) Limited
2-6 Church Street, St. Helier, Jersey, Channel Islands
Telephone: Jersey (0534) 37361 Telex: 4192383

Secretary and Registrar
Aall Trust & Banking Corporation Ltd.
The Aall Building, North Church Street,
Grand Cayman, Cayman Islands, British West Indies
Telephone: Grand Cayman 94355 Telex: 4303 CP

Investment Adviser
Lazard Securities Limited
21 Moorfields, London EC2P 2HT, United Kingdom

Custodian
Morgan Guaranty Trust Company of New York (Jersey Branch)
Queensway House, Queen Street, St. Helier, Jersey, Channel Islands

Joint Auditors
In the Cayman Islands:
Coopers & Lybrand, Chartered Accountants
Butterfield House, PO Box 219,
Grand Cayman, Cayman Islands, British West Indies
In Jersey:
Coopers & Lybrand, Chartered Accountants
La Motte Chambers, St. Helier, Jersey, Channel Islands

Bankers
Lazard Brothers & Co., (Jersey) Limited
2-6 Church Street, St. Helier, Jersey, Channel Islands

Stockbrokers
Cazenove & Co.
12 Tokenhouse Yard, London EC2R 7AN,
United Kingdom and The Stock Exchange

Legal Advisers
In the Cayman Islands:
Maples and Calder, Attorneys at Law
Cayman International Trust Building, PO Box 309,
Grand Cayman, Cayman Islands, British West Indies
In England:
Freshfields, Solicitors
Grindall House, 25 Newgate Street,
London EC1A 7LH, United Kingdom
In Jersey:
Ogier & Le Cornu, Advocates
PO Box 404, Royal Court Chambers, 10 Hill Street,
St. Helier, Jersey, Channel Islands

Directors
Christopher Brunton Melluish *(Chairman)*
Thundridge Hill,
Ware,
Hertfordshire,
United Kingdom
(Director, Lazard Brothers & Co., Limited)

Dr. Roberto Ramon Aleman
Golf Heights,
City of Panama,
Republic of Panama
(Partner, Icaza, Gonzalez-Ruiz & Aleman (Panama))

Walter Albert Eberstadt
1035 Fifth Avenue,
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United States of America
(General Partner, Lazard Freres & Co., (New York))

Peter Timothy Hart
Le Tapis,
Clos Royale,
Grouville,
Jersey,
Channel Islands
(Manager/Secretary, Lazard Securities (Jersey) Limited)

Thorleif Monsen
Lyford Cay,
New Providence,
Bahamas
(President, Aall & Company Limited Inc. (George Town, Grand Cayman))

Eric John Sainsbury
Kenton,
Harrington Sound Road,
Smiths Parish,
Bermuda
(Managing Director, Argus Insurance Company Limited (Bermuda))

Alan Charles Wrigley
Mantles Green Cottage,
Hyde Heath,
Buckinghamshire,
United Kingdom
(Director, Lazard Securities Limited)

Objectives of the Fund
The Fund was registered with limited liability in the Cayman Islands on 17 February 1984 under the provisions of the Companies Law, Cap. 22 as amended of the Cayman Islands. It is an open ended investment company that will operate in a similar way to a unit trust. Each week it may issue and redeem Participating Shares at prices based on the Fund's underlying net asset value. The Fund's share capital is described in Appendix A.

This prospectus relates to the initial offer of 9,000,000 Participating Shares in the Fund at US $10 per Participating Share.

The Fund aims to provide investors with a professionally managed portfolio of Japanese equity securities listed on the Tokyo Stock Exchange and other Japanese Stock Exchanges.

Japan's Economy and Equity Market
The consistent high growth rate achieved by Japan since the Second World War has transformed that country into the second greatest economic power in the "western" world. The appreciation in Japanese equity prices since that time has been correspondingly impressive and Japan has continued to sustain higher growth rates in the early 1980's than other "western" industrial countries. One of the main reasons for this is the superior labour productivity in Japan's manufacturing industry, a result of the restructuring of industrial production in the direction of high value-added manufacture. Between 1962 and 1972, Japan's real gross national product rose at an average rate of 9·8% per annum, compared with an average rate in the other member countries of the Organisation for Economic Co-operation and Development of 4·3% per annum, and between 1972 and 1982 it rose by 4·7% per annum, compared with 2·2% in those other countries. Throughout the period 1962 to 1982 inflation in Japan was kept consistently at a very low level.

The Japanese have identified particularly the markets for office automation, robots, machine tool installations, micro-processors, computers and glass fibre, amongst other areas of recent expansion. The Japanese share of the world market in some of these areas is already over 50%; Japan thus looks assured of success in the next round of the export offensive. Japan has also achieved impressive productivity growth. This reflects the industry, flexibility, initiative, and above all the adaptability of the Japanese, who live within a social and economic structure ideally suited to the requirements of a modern industrial State. Effective economic management by successive governments combined with the strong work ethic of the Japanese has provided a consistently favourable domestic environment.

If it may be assumed that share prices go hand-in-hand with economic growth over the long term, then it would seem that there is still substantial scope for appreciation in equity prices in Japan.

The Tokyo Stock Exchange (Kabutocho) takes second place after Wall Street in the league table of "western" stock markets, having shown considerable expansion both in the size of the market and in the number of stocks traded. The very large equity market minimises problems of thin trading.

Investment and Dividend Policy
The Fund will invest principally in Japanese equity securities quoted on the Tokyo Stock Exchange and other Japanese Stock Exchanges. Japanese equity securities are typically very low yielding. Receipts of the Fund arising in the form of gains on the sale or redemption of such equity securities will be treated in the Fund's accounts as accretions to capital and not as income. As it is the intention of the Directors to concentrate upon the realisation of such gains, it is likely that the income yield to investors in the Fund will be small. It is intended that the principal return will be by way of capital appreciation.

The Directors may at any time decide that, in view of the then prevailing conditions in the Japanese equity and currency markets, the Fund should, as a protective measure, reduce its investment in Japanese equities. In that event assets of the Fund not invested in the Japanese equity market will be invested in short-term financial instruments such as bank deposits, certificates of deposit, bank acceptances and treasury bills. These may be denominated in major currencies other than the Japanese yen in order to protect the assets of the Fund against currency fluctuations where this seems appropriate. Surplus funds from time to time awaiting investment in Japanese equity securities will similarly be held in such short-term financial instruments.

Accordingly, while the underlying policy of the Fund will be to invest in Japanese equities, the proportion of the assets of the Fund held in short-term instruments and not invested in such equities may, in appropriate circumstances, be considerable and may vary from time to time according to the Directors' views of likely movements in currencies and in prices of Japanese equities.

In every year the Directors will determine the amount of income (if any) available for distribution after meeting management, secretarial, custodian and other expenses. It is estimated that generally such expenses will each year equal 1¼ per cent. of the value of the Fund. To the extent that expenses exceed income they will be paid out of the proceeds of investments realised for this purpose. The Directors intend to distribute all the net income of the Fund each year to holders of Participating Shares.

The Fund will make a reasonable spread of investments and neither legal nor management control of its underlying investments will be taken. The Articles of Association of the Fund place certain restrictions on the Fund's investment policy to the effect that (broadly) not more than ten per cent. of the Fund's investments should be in any one company, the percentage of the nominal value of the shares in any company (or of any class of shares in any company) held by the Fund should be kept below ten per cent., and not more than ten per cent. of the Fund's investments should be in unlisted securities (as defined in the Articles of Association). These restrictions are set out more fully in paragraph 15 of Appendix D.

The policy statement set out above will be adhered to for a minimum of 3 years following listing.

Directors of the Fund
Christopher Brunton Melluish (Chairman) (aged 47) is a Managing Director of Lazard Brothers & Co., Limited and Joint Managing Director of Lazard Securities Limited. He is also a Director of MGM Assurance Limited.

Roberto Ramon Aleman (aged 62) is a partner of the law firm of Icaza, Gonzalez-Ruiz & Aleman, City of Panama, Republic of Panama. He is a Director of Unilac Inc., and has served his country as Ambassador of Panama to the United States of America and as a Member of the Constitution Revision Commission.

Walter Albert Eberstadt (aged 62) is a general partner of Lazard Freres & Co., One Rockefeller Plaza, New York, NY 10020, United States of America. In addition, he is a Director of Transocean Holding Corporation and a Member of the International Capital Markets Committee of the New York Stock Exchange.

Peter Timothy Hart (aged 32) is manager and secretary of Lazard Securities (Jersey) Limited.

Thorleif Monsen (aged 73) is President of Aall & Company Limited Inc. In addition, he is President of Aall Trust & Banking Corporation Ltd. and a Director of a number of other private companies.

Eric John Sainsbury (aged 51) is Managing Director of Argus Insurance Company Limited, Bermuda, and each of its subsidiaries. He is also a Director of a number of Bermuda *Exempted Companies.*

Alan Charles Wrigley (aged 38) is a Director of Lazard Securities Limited. In addition, he is a Director of Aall Trust & Banking Corporation Ltd.

Procedure for Subscription
Application should be made on the application form provided.

Each application must be accompanied either by a separate United States dollar cheque or banker's draft for the full amount payable on application. The application should be sent to:

Lazard Securities (Jersey) Limited
PO Box 108, 2-6 Church Street, St. Helier, Jersey, Channel Islands

so as to arrive not later than 10.00 am on 7 March 1984. Cheques should be made payable to Lazard Securities (Jersey) Limited.

Due completion and delivery of the application form accompanied by a cheque will constitute a legally enforceable promise that the cheque will be honoured on first presentation. The Fund reserves the right to reject any application in whole or in part in which event the application monies or any balance thereof will be returned to the applicant by post at his own risk not later than 14 March 1984. Applications will not be acknowledged but certificates for Participating Shares allotted will be posted at the applicant's risk not later than 4 April 1984.

Acceptance of applications will be conditional on the Council of The Stock Exchange admitting to the Official List on or before 7 March 1984 the Participating Shares issued and available to be issued. Monies paid in respect of all applications will be returned if such listing is not obtained on or before that date.

Copies of this prospectus, incorporating the application form, may be obtained from:

Lazard Brothers & Co., Limited
21 Moorfields, London EC2P 2HT, United Kingdom

Lazard Brothers & Co., (Jersey) Limited
PO Box 108, 2-6 Church Street, St. Helier, Jersey, Channel Islands

Aall Trust & Banking Corporation Ltd.
PO Box 1166, The Aall Building, North Church Street, Grand Cayman, Cayman Islands, British West Indies.

continued

The Japan International Fund Limited — *continued*

Management and Administration

The Manager

Lazard Securities (Jersey) Limited ("LSJ") will act as manager of the Fund. As manager LSJ will be responsible to the Directors for managing the business of the Fund. LSJ may be authorised by the Fund in certain circumstances to instruct the custodian to hold the assets of the Fund on trust for the benefit of the Fund's shareholders rather than to the order of the Fund (see Appendix A).

LSJ is a wholly-owned subsidiary of Lazard Brothers & Co. (Jersey) Limited which is a registered Jersey bank and a wholly-owned subsidiary of Lazard Brothers & Co., Limited, a major London Accepting House. LSJ manages Lazard Brothers International Income Fund Limited, Lazard Brothers Sterling Reserve Fund Limited, Lazard Brothers International Capital Fund (Cayman) Limited, Lazard Brothers International Asset Fund Limited, The Capital Growth Bond Fund Limited, Lazard Brothers Far Eastern Fund Limited, Lazard Brothers North American Fund Limited, The Diversified Bond Fund Limited and other portfolios, which together have total investments whose value exceeds US $440 million.

Secretary and Registrar

Aall Trust & Banking Corporation Ltd. ("ATB") will act as the secretary and registrar of the Fund. ATB is a wholly-owned subsidiary of Aall Group Inc., and is a bank licensed and registered under the laws of the Cayman Islands which provides trust, investment and banking services. ATB is an affiliate of Aall & Company Limited Inc., one of the world's largest ship brokers.

Under the provisions of an existing advisory agreement made between Aall & Company Limited Inc., ATB and Lazard Brothers & Co., Limited, Lazard Brothers & Co., Limited provides technical assistance to ATB in return for an annual fee.

Investment Adviser

Lazard Securities Limited, a wholly-owned subsidiary of Lazard Brothers & Co., Limited, has been appointed investment adviser to LSJ and will provide investment policy guidance and advice.

Lazard Securities Limited is responsible for providing all the investment, management and advisory services offered by Lazard Brothers & Co., Limited. It manages worldwide investments totalling approximately US $3·5 billion for United Kingdom and overseas clients.

Custodian

Morgan Guaranty Trust Company of New York, Jersey Branch ("MGT") will act as custodian of the Fund. All of the assets of the Fund will be held by MGT or to its order. MGT may appoint sub-custodians, nominees and agents to perform its duties or discretions provided that MGT remains liable for any acts or omissions of, or loss directly or indirectly caused by, any such persons. Lazard Brothers & Co., Limited will act as nominee to hold certain of the Fund's investments to the order of the custodian.

LSJ, ATB, Lazard Securities Limited and MGT were appointed under the agreements referred to in paragraph 6 of Appendix D.

Charges and Fees

LSJ

In respect of its services as manager LSJ will receive from the Fund a quarterly fee of a one-quarter part of one per cent. of the average of the values of the net assets of the Fund as at each Valuation Day during the relevant quarter (which valuation will be calculated in accordance with the provisions in the Articles of Association for determining the subscription price of Participating Shares).

LSJ will make no initial charge to investors in respect of Participating Shares to be allotted on 12 March 1984 but on subsequent issues it may retain for its own benefit an initial charge of up to three per cent. of the subscription price of the Participating Shares plus the amount necessary to round up the subscription price of each Participating Share to the nearest whole cent.

In secondary market transactions members of the Lazard Brothers & Co., Limited group ("the Lazard group") will make no charges, commission or dealing profit on transactions with the Fund. Where any member of the Lazard group participates in the underwriting and/or placement of new issues of securities and subsequently such securities are sold to the Fund by any member of the Lazard group, any placement discounts earned in respect of the placement of the issue will generally be passed on to the Fund, but any underwriting fees will generally be retained by the relevant member of the Lazard group.

The investment adviser, Lazard Securities Limited, will receive fees. Those will not be borne by the Fund but will be paid by LSJ out of its own fees.

ATB

ATB will receive from the Fund a quarterly fee of a one thirty-second part of one per cent. of the average of the values of the net assets of the Fund (calculated as in the case of LSJ's fee). This fee will be reduced, on a sliding scale, where the average of the net asset values of the Fund exceeds US $40 million. On the first US $10 million in excess of US $40 million, the percentage calculation of ATB's quarterly fee will be reduced by one-half (to a one sixty-fourth part of one per cent.). On the next US $10 million of any excess the percentage calculation will be further reduced to a one one-hundred-and-twenty-eighth part of one per cent. On any excess over US $60 million the percentage calculation of ATB's fee will be reduced to a one two-hundred-and-fifty-sixth part of one per cent.

MGT

In respect of its services as custodian MGT will receive from the Fund a quarterly fee of a one thirty-second part of one per cent. of the average of the values of the net assets of the Fund (calculated as in the case of LSJ's fee). This fee will be reduced on a sliding scale where the average of the net asset values exceeds US $40 million (in the same manner as ATB's fee). MGT will meet any expenses or fees of its sub-custodians, nominees and agents, including Lazard Brothers & Co., Limited, out of its remuneration.

Other Expenses

The Fund will be responsible for certain expenses as specified in the registrar and secretarial, custodian and management agreements such as audit fees, stamp and other duties and charges incurred on the acquisition and realisation of investments. In addition, the Fund will pay its formation expenses and all expenses in connection with the initial issue of Participating Shares and the obtaining of the listing of the Participating Shares on The Stock Exchange, these expenses being amortised over a period of five years from the dates on which they were incurred. LSJ, ATB and MGT will meet all other expenses incurred by them in connection with their services.

Taxation

Application has been made to the Governor-in-Council of the Cayman Islands for an undertaking that the Fund will not be chargeable to tax in the Cayman Islands on its income or its capital gains for a minimum period of twenty years. Dividends of the Fund will be payable without deduction of any Cayman Islands tax. No stamp duties are levied in the Cayman Islands on the transfer or redemption of Participating Shares in the Fund. The only tax which will be chargeable on the Fund in the Cayman Islands is an annual charge calculated on the nominal amount of the authorised share capital of the Fund which, at current rates, will not exceed approximately US $580 in any year.

It is intended that the Fund will not be resident in the United Kingdom for taxation purposes.

The Jersey Comptroller of Income Tax has confirmed that he is satisfied that the proposed manner of management and control of the Fund, and the performance by LSJ of its duties under the management agreement, are such that the Fund will not be or become liable to tax in Jersey.

Japan

The Fund, being a non-Japanese corporation, will be subject to Japanese withholding tax both on cash dividends and dividends in shares (including free share distribution representing the capitalisation of legal reserves) paid by a Japanese corporation in which the Fund has invested. The rate of Japanese withholding tax applicable to both cash dividends and dividends in shares paid by a Japanese corporation to non-Japanese corporations is generally 20 per cent.

Interest on bank deposits in Japan is subject to Japanese withholding tax at a rate of 20 per cent. but it is the manager's intention to invest surplus assets of the Fund outside Japan in such a way that the return on such assets is not subject to Japanese withholding tax.

Gains derived from the sale of shares of capital stock of a Japanese corporation by a non-Japanese corporation not having a permanent establishment in Japan are not, subject to exceptions which are not relevant to the Fund, subject to Japanese taxes.

The Directors intend that the Fund should be managed and carry on its business in such a way that it does not have a permanent establishment in Japan.

Investors in the United Kingdom

Holders of Participating Shares who are resident in the United Kingdom for tax purposes will, depending on their individual circumstances, be liable to United Kingdom income tax or corporation tax on dividends paid by the Fund. Holders (other than those holding shares as dealing stock who are subject to different rules), who are resident or ordinarily resident in the United Kingdom, may be liable to United Kingdom capital gains tax or corporation tax in respect of gains arising from the disposal or redemption of Participating Shares.

Clearance under section 464 of the Income and Corporation Taxes Act 1970 (cancellation of tax advantages from certain transactions in securities) has been given by the United Kingdom Board of Inland Revenue in relation to (inter alia):

a. the issue of the Unclassified Shares of the Fund partly as Participating Shares and partly as Nominal Shares;

b. the subsequent redemption by the Fund of Participating Shares and Nominal Shares.

The attention of individuals ordinarily resident in the United Kingdom is drawn to section 478 of the Income and Corporation Taxes Act 1970, as amended, and to section 45 of the Finance Act 1981 which may, in certain circumstances, render them liable to United Kingdom income tax in respect of income of the Fund.

The foregoing is based on the law and practice currently in force in the Cayman Islands, Jersey, Japan and the United Kingdom and is subject to changes therein.

The present government in the United Kingdom has recently published proposals concerning the taxation of international business. It is intended that appropriate provisions will be introduced and become law later in 1984. If such provisions become law, companies resident for taxation purposes in the United Kingdom having a sufficient interest, generally ten per cent or more, in the Fund could in certain circumstances be chargeable to United Kingdom corporation tax in respect of any profits of the Fund which may be or may be deemed to be income for the purposes of United Kingdom taxation and which are not distributed.

On 22 February 1984 the United Kingdom Inland Revenue published draft legislation that will affect investors in certain offshore funds. It is intended that new legislative provisions (which have not yet been enacted) will be introduced in the 1984 Finance Bill. The new provisions will not generally affect non-United Kingdom resident persons (see further below).

The broad effect of the new provisions will be that, where an investor who is subject to the provisions disposes on or after 1 January 1984 of an interest in a fund that is affected by the provisions, any gain arising on disposal will represent an "offshore income gain" and will be chargeable to income tax or corporation tax as an income receipt. The new provisions will apply to investors who are resident or ordinarily resident in the United Kingdom and to non-United Kingdom resident persons whose interest in the offshore or overseas fund is held in connection with a branch or agency carrying on a trade in the United Kingdom.

The draft legislation provides that the proposed new tax charge on the disposal of an interest in an offshore fund affected by the new provisions will not apply if that offshore fund is certified by the United Kingdom Inland Revenue as a "distributing fund" throughout the period for which the interest was held. There will be a "certification" procedure under which a fund will be able to apply to be certified as a "distributing fund". On the basis of the existing draft legislation, it seems likely that the Fund will be an offshore fund to which the new provisions will apply. However, it is intended, subject to the Fund being able to satisfy the detailed conditions necessary to be certified as a "distributing fund", that the Fund will in due course apply to be so certified for each of its accounting periods.

Investors in any jurisdiction should consult their professional advisers on the possible tax, exchange control or other consequences of buying, holding, selling or redeeming Participating Shares under the laws of their country of citizenship, residence or domicile.

Redemption of Participating Shares

Participating Shares may, except where there is a suspension of the valuation of assets (see below), be redeemed on any Subscription Day at the redemption price. LSJ may elect to purchase at a price not less than the redemption price any Participating Shares presented for redemption. The redemption price per Participating Share is determined in accordance with the Articles of Association. In summary, it is determined by assessing the value of the net assets of the Fund on the relevant Valuation Day, deducting the paid-up capital on Nominal and Management Shares in issue and a provision for duties and charges payable on a deemed realisation of the whole of the Fund's portfolio, and dividing the amount so ascertained by the total number of Participating Shares in issue and deemed to be in issue. The resulting figure is adjusted downwards to the nearest whole cent (the amount necessary to effect such downward adjustment being payable to LSJ for its absolute use and benefit).

To redeem all or part of his holding, a shareholder should complete the form on the back of each share certificate and send the certificate to LSJ. In order to qualify for redemption on a particular Subscription Day, instructions should be received not later than 3.30 pm on the immediately preceding business day. Requests for redemption received late may be held over until the next Subscription Day.

Requests for redemption once made may be withdrawn only in the event of a suspension of the valuation of the Fund's assets.

Any amount payable to a shareholder in connection with requests for redemption will be paid by dollar cheque and will be posted to the shareholder (or for amounts in excess of US $20,000 cabled or telexed to a bank at the shareholder's request and expense) within five business days after the later of the date on which the redemption (or purchase) takes effect and the date of receipt of a duly endorsed certificate for the Shares to be redeemed or purchased.

The Fund shall not be bound to redeem on any one Subscription Day more than one-eighth of the total number of Participating Shares then in issue.

If at any time after the fifth anniversary of the incorporation of the Fund the value of the Fund's net assets shall, on each Subscription Day within a period of 26 consecutive weeks, be less than US $1,000,000 the Fund may redeem all the Participating Shares then in issue at the ruling redemption price.

Accounts and Reports

The Fund's first financial period will end on the last Valuation Day in December 1984. Subsequent financial periods will end on the last Valuation Day in December of each year. Copies of the audited accounts of the Fund for a financial period will be sent to shareholders at their registered address normally during the following March. Shareholders will also be sent half-yearly reports relating to the Fund normally during August in each year.

Subscription and Valuation Days

Subscription Days will normally be every Wednesday, or if that day is not a business day the next following business day, or such other day as may from time to time be determined by the Directors. The first Subscription Day after the initial issue of Participating Shares will be 14 March 1984.

After the initial issue, the net assets of the Fund will be valued on each Valuation Day which will normally be the business day immediately preceding the day before each Subscription Day. However, the Directors may suspend valuation if, in their opinion, it is not reasonably practicable for the Fund to dispose of investments or fairly to determine the value of net assets, or if a breakdown occurs in any of the means normally employed to ascertain such value. Therefore, valuation may be suspended during any period when any stock exchange on which any of the Fund's investments are quoted is closed or during which dealings on any such exchange are restricted or suspended, during any period when disposal of investments cannot be effected normally or without prejudicing the shareholders of the Fund, or during any period when the realisation of investments or the transfer of funds cannot be effected at normal prices or rates of exchange.

Valuations

The Articles of Association provide that securities quoted on a Stock Exchange are generally to be valued at market prices at the last official close of that Stock Exchange before 9.00 am Jersey time on the relevant Valuation Day.

The market value of treasury bills, bank acceptances, trade bills and certificates of deposit will be determined at noon on the relevant Valuation Day. Other unquoted investments will be valued at Directors' valuation, including any discount which the Directors think appropriate to reflect their true current value. All valuations of interest-bearing assets will include interest accruing up to the normal settlement day for the asset involved.

Underlying Companies

The Articles of Association of the Fund allow it to hold investments through the medium of one or more companies, trusts or other legal entities (termed "underlying companies") which would be wholly owned by the Fund. The Directors of the Fund may establish such an underlying company for the purpose of holding all or part of the investments of the Fund if they consider this to be in the interests of shareholders. For the purpose of determining the value of the net assets of the Fund, the Fund and any underlying company will be valued on a consolidated basis.

Publication of Prices of Participating Shares

The quotations for Participating Shares on The Stock Exchange will appear in The Stock Exchange Daily Official List. The manager will also arrange for the Financial Times to publish daily in the "Offshore and Overseas Funds" section the prices for the Participating Shares.

Further Information

Further information is contained in the following Appendices:

A Share Capital and Rights
B Auditors' Report
C Articles of Association — Directors
D General Information
E Documents Available for Inspection

APPENDIX A

Share Capital and Rights

The authorised share capital of the Fund is US $100,000, divided into 10,000 Management Shares of US $1 each and 9,000,000 Unclassified Shares of US 1 cent each. The Unclassified Shares may be issued as Participating Shares or Nominal Shares. At the date hereof no Participating or Nominal Shares have been issued. 1,000 Management Shares have been issued for cash at par. It is intended that those shares will be acquired by LSJ.

Management Shares

The Management Shares have been created in order that Participating Shares may be issued. (Under the laws of the Cayman Islands, the Participating Shares, to be redeemable, have to be preference shares. In order to be preference shares, the Participating Shares must have a preference over some other class of share capital.) The Management Shares each carry one vote on a poll, do not carry any right to dividends and, in a winding-up, rank only for a return of paid up capital (after the return of nominal capital paid up on Participating and Nominal Shares).

Participating Shares

The Participating Shares carry a right to dividends declared by the Fund in general meeting or resolved to be paid by the Directors.

Each holder of Participating Shares will be entitled, on a poll, to one vote for each Participating Share held. In a winding-up, each Participating Share carries a right to a return of the nominal capital paid up in respect of such share in priority to the repayment of the nominal amounts paid up on Nominal and Management Shares and a right to share in surplus assets after the return of the nominal capital paid up on Nominal and Management Shares.

All Participating Shares not previously redeemed will be redeemed by the Fund on 31 December 2082 or if that day is not a business day on the next following business day, at the redemption price on the day in question.

LSJ as manager is empowered under the Articles of Association to require the transfer or redemption of any Participating Share which is owned directly or beneficially by any person in breach of any law or requirement of any country or government authority by virtue of which such person is not qualified to hold such Participating Share.

Further Issues of Participating Shares

The Articles of Association provide that, after the initial issue of Participating Shares, and except when there is a suspension of the valuation of the Fund's assets, further Participating Shares may be issued on Subscription Days at a price per Participating Share of not less than that determined by assessing the value of the Fund's net assets on the relevant Valuation Day, deducting the paid up capital on the Nominal and Management Shares in issue, adding a provision for duties and charges payable on a deemed acquisition of the whole of the Fund's portfolio, and dividing the amount so calculated by the total number of Participating Shares in issue and deemed to be in issue. The price per Participating Share so calculated may then be increased by a manager's fee of an amount not exceeding three per cent. of such price plus the amount necessary to round up the resulting sum to the nearest whole cent.

Nominal Shares

The Nominal Shares can only be issued at par and only for the purpose of providing funds for the repayment of the nominal amount of Participating Shares redeemed. They will be issued only to LSJ as the manager. They carry no right to dividends. In a winding-up, they carry the right to repayment of nominal capital paid up in priority to repayment of nominal capital paid up on the Management Shares. Each holder of Nominal Shares is entitled, on a poll, to one vote in respect of all the Nominal Shares held by him.

LSJ is obliged to subscribe for Nominal Shares for cash at par when Participating Shares are redeemed, unless the Directors decide that the nominal amount of such Participating Shares is to be redeemed out of profits. Nominal Shares may, at the option of LSJ and by payment of the appropriate sum to the Fund, be converted into Participating Shares for sale to investors.

Variations of Rights

The rights attached to any class of shares may, subject to the laws of the Cayman Islands or unless otherwise provided by the terms of issue of the shares of that class, be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of the class by a majority of three-quarters of the votes cast at that meeting. The rights attached to the Participating Shares are deemed to be varied by any variation of the rights attached to shares of any other class or by the creation or issue of any shares other than Participating Shares ranking pari passu with them as respects dividend rights and rights in a winding-up and on a reduction of capital. Subject to the above, the rights conferred on the holders of any shares issued with preferred or other rights shall, unless otherwise expressly provided by the conditions of issue of such shares, be deemed not to be varied by the creation or issue of further shares ranking in any respect pari passu with them.

Safeguarding the interests of shareholders

The Fund has given to the manager power in certain circumstances to instruct the custodian to cease to hold the Fund's assets to the Fund's order and instead to hold those assets on trust (broadly) to discharge all liabilities of the Fund to creditors and to distribute any surplus remaining to shareholders on terms similar to the rights of shareholders under the Articles of Association of the Fund. This procedure is designed to safeguard the interests of shareholders and creditors and would be implemented only if the manager considered it to be desirable for any reason to safeguard those interests. The intention is that, on instructions being given by the manager to the custodian, shareholders' rights in the Fund would be valueless but shareholders would become beneficiaries under the trust to distribute the assets held by the custodian. As an alternative to the distribution of the assets of the Fund by the custodian, provision has been made to allow those assets to be transferred by the custodian to a new company in exchange for an issue of shares in that new company to shareholders of the Fund. This alternative may be implemented only with the sanction of a resolution passed at a meeting summoned at the discretion of the custodian by a majority of 75 per cent. of the shareholders present in person or by proxy.

APPENDIX B

Auditors' Report

The following is a copy of a report addressed to the Directors of the Fund by Coopers & Lybrand in the Cayman Islands and in Jersey, the joint Auditors of the Fund:

To the Directors,
The Japan International Fund Limited.

24 February 1984.

Dear Sirs,

The Japan International Fund Limited ("the Fund") was registered on 17 February 1984. The Fund has not commenced trading and no accounts for the Fund have been made up and no dividends have been declared or paid.

Yours faithfully,

Coopers & Lybrand, Jersey, Channel Islands   Coopers & Lybrand, Cayman Islands.

APPENDIX C

The Articles of Association — Directors

The Articles of Association contain provisions relating to Directors (inter alia) as follows:

1 A Director may act in a professional capacity for the Fund (other than as Auditor) and may receive remuneration for such professional services. A Director may also hold other office or place of profit with the Fund (other than the office of Auditor) and may be a director, officer or member of any company in which the Fund may be interested.

2 A Director may contract with the Fund and no contract or arrangement made by the Fund in which any Director is in any way interested shall be liable to be avoided, but the nature of his interest must be declared at a meeting of the Directors.

3 A Director may not normally vote in respect of any contract in which he is materially interested.

4 Unless and until otherwise determined from time to time by the Fund in general meeting each Director shall be entitled to such remuneration for his services as the Directors shall from time to time resolve, provided that the aggregate remuneration of all the Directors shall not exceed US $25,000 in respect of any financial period of the Fund. The Directors may also be reimbursed for expenses incurred in connection with the business of the Fund and may receive remuneration for special services.

5 The Directors may exercise the powers of the Fund to borrow subject to the limitations referred to in paragraph 12 of Appendix D.

6 There is no share qualification for Directors.

7 There is no age limit for Directors.

8 A Director may be removed at any time by ordinary resolution of the Fund in general meeting.

APPENDIX D

General Information

1 The Constitution of the Fund is defined in its Memorandum and Articles of Association. Its registered office is at The Aall Building, North Church Street, Grand Cayman, Cayman Islands, British West Indies.

2 The expenses incurred in the formation of the Fund are estimated to amount to US $10,000 and the expenses incurred in connection with the initial issue of Participating Shares and obtaining The Stock Exchange listing (including the fees of legal, accountancy and financial advisers, printing and advertising costs and The Stock Exchange listing fee) are estimated to amount to US $175,000. These expenses will be paid by the Fund. They will be amortised over a period of five years from the dates on which they are incurred, and will be charged against income.

3 The Fund is not engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened against the Fund.

4 LSJ may at its discretion pay out of its management fee a commission to agents in respect of the amount of subscriptions procured by such agents.

5 There are no existing or proposed service contracts between any of the Directors and the Fund, but the Directors may receive remuneration as provided in the Articles of Association (see Appendix C). It is estimated that such remuneration in aggregate will not exceed US $20,000 in the Fund's first financial period.

6 The following contracts, which are or may be material, have been entered into otherwise than in the ordinary course of business:

a. a management agreement between (1) the Fund and (2) LSJ dated 27 February 1984, whereby LSJ has agreed to manage the business of the Fund;

b. a registrar and secretarial agreement between (1) the Fund and (2) ATB dated 27 February 1984, whereby ATB has agreed to act as the registrar and secretary of the Fund;

c. a custodian agreement between (1) the Fund, (2) LSJ and (3) MGT dated 27 February 1984, whereby MGT has agreed to act as custodian of the assets of the Fund.

d. an investment advisory agreement between (1) the Fund, (2) LSJ and (3) Lazard Securities Limited, dated 27 February 1984 whereby Lazard Securities Limited has agreed to provide investment advice to LSJ;

e. a power of attorney executed under seal by the Fund dated 27 February 1984 whereby LSJ has been appointed the attorney of the Fund with power in certain circumstances to instruct the custodian to hold the assets of the Fund other than to the Fund's order so as to safeguard the interests of the Fund's creditors and shareholders.

7 The Fund has not commenced business and has not established and does not intend to establish a place of business in Great Britain. The Fund does not have any subsidiaries.

8 The minimum amount which in the opinion of the Directors must be raised by the initial issue of Participating Shares in order to provide for the matters referred to in paragraph 4 of the Fourth Schedule to the Companies Act 1948 (Great Britain) is US $3,000,000 to be applied as follows:

a. purchase price of property, nil;

b. preliminary expenses (including expenses in connection with the initial issue), US $185,000;

c. repayment of monies borrowed for preliminary expenses, nil.

d. working capital, US $2,815,000

9 Coopers & Lybrand in the Cayman Islands and in Jersey have each given and have not withdrawn their written consent to the issue of this prospectus with the inclusion therein of their report in the form and context in which it is included.

10 This prospectus shall have the effect, where an application is made in pursuance thereof, of rendering all persons concerned bound by the provisions (other than penal provisions) of sections 50 and 51 of the Companies Act 1948 (Great Britain) so far as applicable.

11 Persons interested in acquiring Participating Shares in the Fund should inform themselves as to (a) the legal requirements within the countries of their nationality, residence or domicile for such acquisition (b) any foreign exchange restriction or exchange control requirements which they might encounter on acquisition or disposal of Participating Shares and (c) the income tax and any other tax consequences which might be relevant to the acquisition, holding or disposal of Participating Shares.

12 The Directors may exercise the powers of the Fund to borrow but borrowings of the Fund and its subsidiaries (if any) may not, without the consent of the Fund in general meeting, exceed one-quarter of the share capital and consolidated reserves as defined in the Fund's Articles of Association. Although the Directors do not anticipate that any borrowings will be made, they intend to negotiate standby borrowing facilities for use in exceptional or unforeseen circumstances. Normal banking transactions will from time to time be carried out through Lazard Brothers & Co., Limited or its subsidiaries upon normal terms.

13 The Directors of LSJ are:

Mr. V. Wyhe of Ewhurst Manor, Partridge Green, near Horsham, Sussex, United Kingdom (Chairman)
Mr. K. Steventon of La Passerelle, Ruette a Pierre, Montfelard, St. Lawrence, Jersey, Channel Islands (Deputy Chairman)
Mr. T. H. Allan of 10 Amblesade, Epping, Essex, United Kingdom
Hon. M. D'a. Benson of 34 St. John's Avenue, London SW15, United Kingdom
Mr. D. H. Bushell of Pierre Perere Lodge, Ruette Braye, St. Peter Port, Guernsey, Channel Islands
Mr. R. J. Feilden of Home Farm, Cokethorpe, Ducklington, Witney, Oxfordshire, United Kingdom
Mr. J. C. M. Robertson of 4 La Grande Mielle, Fauvic, Grouville, Jersey, Channel Islands
Mr. S. J. Scrimgeour of La Fougeraie, Archirondel, Gorey, Jersey, Channel Islands.
Mr. I. R. Swindale of Hillcrest, Les Landes Avenue, St. Brelade, Jersey, Channel Islands.

Mr. T. H. Allan, Hon. M. D'a. Benson, Mr. R. J. Feilden and Mr. V. Wyhe are also Directors of Lazard Brothers & Co., Limited, of which both LSJ and Lazard Securities Limited are subsidiary companies.

Hon. M. D'a. Benson, Mr. R. J. Feilden and Mr. V. Wyhe are also Directors of Lazard Securities Limited.

Mr. C. B. Mellnish is a Director of Lazard Brothers & Co., Limited and of Lazard Securities Limited.

Mr. A. C. Wrigley is a Director of Lazard Securities Limited and of ATB.

Mr. T. Monsen is a Director of ATB.

14 a. Neither LSJ nor any Director of LSJ holds any shares in the Fund although it is intended that 1,000 Management Shares will be acquired by LSJ;

b. save as disclosed in the paragraph "LSJ" and the paragraph "ATB" in the section "Charges and Fees" above and in paragraph 12 above, no amount or benefit has been paid or given to any promoter by the Fund since its incorporation and none is intended to be paid or given;

c. save as disclosed in this Appendix D and in the paragraph "LSJ" in the section "Charges and Fees" above, no commissions, discounts, brokerages or other special terms have been granted in relation to shares, debentures or other capital issued or to be issued by the Fund;

d. the Fund has not purchased or acquired or agreed to purchase or acquire any property;

e. since the date of incorporation of the Fund:

(i) with the exception of the Management Shares, no shares, debentures or other capital of the Fund have been issued or agreed to be issued, fully or partly paid up, in cash or otherwise than in cash, nor is any such capital under option, or agreed conditionally or unconditionally to be put under option;

(ii) save as disclosed in paragraph 4 of Appendix C and in paragraph 13 of this Appendix, no Director has had any interest in the promotion of the Fund and no Director has had any interest, direct or indirect, in any property or assets acquired or disposed of by or leased to the Fund or proposed to be acquired, disposed of by or leased to the Fund;

(iii) save as disclosed in paragraph 13 of this Appendix, no Director has had a material interest in any contract or arrangement entered into by the Fund which is significant in relation to the business of the Fund;

f. no Director has any current intention to apply for any shares in the Fund;

g. the Directors are not aware of whether there will be any substantial beneficial holdings of Participating Shares in the Fund;

h. no shares, debentures or other capital of the Fund are proposed to be issued fully or partly paid up otherwise than in cash.

15 a. The Articles of Association contain provisions relating to investment policy which (inter alia) require that no investment be made which would, immediately after the acquisition, result in:

(i) the value of the Fund's interest in any investment exceeding 10 per cent. of the value of the Fund's total investments;

(ii) the nominal value of any holding of a class of shares amounting to or exceeding 10 per cent. of the total nominal value of that class or issue;

(iii) the value of the Fund's holding of unlisted securities (as defined) exceeding 10 per cent. of the value of its total investments;

b. the Articles of Association also contain provisions relating to investment policy which (inter alia) require that no investment be made which would result in:

(i) the Fund acquiring as a portfolio investment any real property, commodity or precious metal, or acquiring any investment under the terms of which the Fund would assume an unlimited liability;

(ii) the Fund entering into short sales of currency, save as authorised in the Articles of Association

16 The Articles of Association contain a provision prohibiting the distribution as dividend of surpluses arising from the realisation of investments.

17 The Articles of Association provide (broadly) that a copy Register of Members that will contain, inter alia, the names and addresses of shareholders and a statement of the shares held by each shareholder, shall be available at the business premises of the Fund's manager for inspection during business hours by any shareholder and that each shareholder may receive a copy of the Register upon payment of a copying charge.

APPENDIX E

Documents Available for Inspection

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the offices of Maples and Calder, Cayman International Trust Building, Grand Cayman, Cayman Islands, British West Indies, and of Freshfields, Grindall House, 25 Newgate Street, London EC1A 7LH, United Kingdom, until 14 March 1984:

a. The Memorandum and Articles of Association of the Fund.

b. The Companies Law, Cap. 22 as amended of the Cayman Islands, under which the Fund was incorporated.

c. The contracts referred to in paragraph 6 of Appendix D.

d. The report and consent of Coopers & Lybrand in the Cayman Islands and in Jersey.

Dated 28 February 1984.

Application Form

This form, when completed should be forwarded to:—

Lazard Securities (Jersey) Limited PO Box 108, 2-6 Church Street, St. Helier, Jersey, Channel Islands to arrive not later than 10.00 a.m. on 7 March 1984. A separate cheque or banker's draft for the full amount payable should accompany each application. All cheques will be presented for payment.

The Japan International Fund Limited

An exempted company registered on 17 February 1984 with limited liability under the provisions of the Companies Law, Cap. 22 as amended, of the Cayman Islands.

Issue of up to 9,000,000 Participating Redeemable Preference Shares of US 1 cent each ("Participating Shares") at US $10 per share payable in full on application

	Number of Participating Shares applied for	Amount enclosed at US$ 10 per Participating Share
Please fill in details		US $

To: The Directors, The Japan International Fund Limited ("the Fund")

Please delete as applicable — Gentlemen,

Please insert number of shares — I/We enclose herewith a cheque/banker's draft made payable to Lazard Securities (Jersey) Limited and hereby apply for allotment of .... Participating Shares subject to the Fund's Memorandum and Articles of Association and upon the terms of the Prospectus dated 28 February 1984.

Please delete as applicable — I/We agree to accept the same or any smaller number of Participating Shares in respect of which this application may be accepted.

Please delete as applicable — I/We hereby declare that I/we am/are not resident in Jersey for the purposes of Income Tax (Jersey) Law, 1961. (An applicant unable to make this declaration should delete it, in which case tax will be deducted from all payments on dividends at the standard rate of Jersey income tax for the time being in force).

Full name of applicant (1)

Please write in block capitals

Mr./Mrs./Miss ....

Address ....

....

Signature .... Date ....

Joint applicants (if any) (2)

Full name of applicant

Please write in block capitals

Mr./Mrs./Miss ....

Address ....

....

Signature .... Date ....

Full name of applicant (3)

Please write in block capitals

Mr./Mrs./Miss ....

Address ....

....

Signature .... Date ....

Full name of applicant (4)

Please write in block capitals

Mr./Mrs./Miss ....

Address ....

....

Signature .... Date ....

Name and address for registration

Please complete only if shares are to be registered in name of nominee

Please write in block capitals

....

All communications will be sent to the first-named registered owner.

A corporation should affix its common seal or execute under the hand of a duly authorised official who should state his representative capacity.

Note: *All joint applicants must sign this application form.*

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

British Rail

Tradition begins to take a back seat

BY HAZEL DUFFY

SLOWLY, cautiously, but surely, British Rail is edging towards a management structure which is appropriate to the second half of the 20th century.

BR, in common with railways the world over, is traditional, hierarchical and insular. Management has seen its prime function as operational, and its duty to ensure that it operates trains as safely as possible. Historically, this has meant that the engineering function has been dominant while the business dimension has taken second place.

But the Thatcher years have been a time of increasing financial pressure on BR, forcing it to put greater emphasis on behaving more like a business than a social service. In other words, it is not much use having the safest, most punctual railway in the world if few people want to use it.

Sir Peter Parker, who retired from the chairmanship last September after seven years, was the impetus behind the evolving management structure. Parker, an outsider, set in motion the changes which he saw were essential if management was to be made more effective. But it was his successor, Bob Reid, who, as chief executive, was the architect of what has been the most significant management change since BR was set up 35 years ago.

Reid, who has spent all his working life with the railways, found himself chairman almost by default. He was not the Government's first choice. His management innovation—involving the creation of sectors—within BR—has been much praised by ministers and civil servants, however, and ensured that he was the only internal candidate for the chairmanship. Now that he has got it, he has been dubbed, "an old man in a hurry"—his term of office, starting September 1983, is for three years.

Reid's aim in introducing sector management was to break BR up into smaller businesses and make them more responsive to their markets, and more accountable to the Board.

Five sectors have been established: Inter-City, London and South East, Provincial, Freight, and Parcels. The director of each is intended to be responsible for the financial results of his sector. It is the first time that responsibility for revenues and the costs of the railway business have been brought together below the level of the Board.

The sector directors operate across the traditional regional management structure, which consists of five regions — Eastern, London Midland, Scotland, Southern, and Western—each with a general manager and each responsible for the day-to-day operation of the railways and answerable to their sector director.

It will take time to assess the results of sector management. A preliminary external assessment came from the Serpell committee which welcomed the move, but warned that it would not realise its aims fully unless a clearer line of authority and accountability between the three streams — sector directors, regional general managers, and functional chief officers—was established. Serpell recommended that the sector directors should become managing directors of subsidiary companies.

Impetus

The minority report by Alfred Goldstein went further. He warned: "If clear command responsibility by sector directors is not achieved, the arrangement would in practice revert to the alternative of a more traditional geographic management structure."

Sector management, however, has spearheaded the efforts of the board to make management more effective, and thereby to improve financial performance. It has also given impetus to the introduction of a management development programme among senior managers over the past couple of years.

Despite the management weaknesses, there is great strength to be found in BR management's traditionalism and dedication—not least the pride felt by all employees in being railwaymen. The system, however, has been rigid. The movement of managers between, for instance, operations and marketing, has been unusual except at very senior levels.

Any new approach to management development had to be carefully construed so as not to lose the dedication arising from the rigidity, but at the same time to work towards the creation of general managers who were capable of challenging some of the decisions taken by their colleagues.

The task has fallen largely to John Thackway, formerly employee relations manager, personnel development and training at Esso. The Board's agreement to a management (personnel) development policy gave him the necessary backing to effect changes which have not always been welcomed. Much of what Thackway has done has not been innovative, but it has to be seen in the context of imposing it on a highly traditional structure. It is only in the past few months, for instance, that the Board got around to discussing the top 50 jobs as part of succession planning.

Thackway explains: "Management development is far more than succession planning. It involves developing people either by job experience, personal counselling or by training and education."

The education strategy devised for BR senior management has become the core of the programme. It is aimed at enabling managers to manage people, money, and technology. Programmes specified to BR requirements have been set up at various institutions, including Manchester Business School and Ashridge Management College. In addition, a short seminar for board members and top managers has been held at the Oxford Centre for Management Studies.

The management education programme involves about 450 senior managers annually. Two managers, with different backgrounds and job experiences, who have attended the courses recently are Gordon Pettitt, deputy general manager of Southern Region, who joined BR as a school leaver, and John Percival, passenger sales manager at BR head office, who came to BR from H. J. Heinz.

Both are enthusiastic about the chance the courses give to meet managers from other industries, although Percival noticed that not all the BR managers mixed with people on other courses at Manchester, which he attended for eight weeks last summer. He explained, however, that BR is such a large organisation that there was plenty of opportunity to meet new people on the course.

Bob Reid: architect of a management restructuring which is having repercussions on career development and training

Performance appraisal is also critical to the development programme. The objective is to transform the old system of performance and career appraisal, which aimed to assess an employee's potential for a narrow range of jobs into a line management responsibility which will pinpoint management potential.

Graduate recruitment procedures have been changed in an effort to attract top quality and compete with the private sector. Graduates are now recruited directly into particular areas, like marketing, personnel, etc, and do not all go through the same training programme as before.

Another step forward has been the setting up of a coherent salary structure for the 70 senior executives based on the Hay MSL job evaluation system. Discussion of board members' salaries is being aimed for, but there are constraints on this vital consideration caused by the fact that the salaries are set by the Government. BR has run into a problem familiar in the nationalised industries with some senior executives' salaries overtaking those of board members, and hence a reluctance on the part of such people to go on the board.

BR continues to be hierarchical, and suspicious of outsiders. Even Parker, who prided himself on being an egalitarian, shrank from dismantling the graded "messes" at head office, whereby staff eat in different facilities according to status.

But change is coming about slowly. The target of reducing the administrative staff by 6,000 to 38,000 by the end of this year, through voluntary redundancy and early retirement, is bringing down the high age profile, giving younger, less traditional, managers, their chance. The true measurement of BR management capability, however, will only be determined when there is a much greater movement into the organisation from outside, to be complemented by the private sector seeking to recruit managers from BR.

Pay administration

'An almost impossible task'

"THE USUAL view is that managers get resentful rather than work harder if you dangle carrots in front of them," said Martin Lutyens, UK head of pay consultancy for the Wyatt group of actuaries and management consultants.

"Managers are said to look on themselves as salaried professionals who should be trusted to give of their best without the added inducement of incentive bonuses," he told the dozen company pay-system managers at his group's recent private seminar in London.

"I can see that," said one of them, dead pan. "So when you give your managers a £2,000 incentive bonus they go straight out and donate it to charity?" Rubbing his long Scottish jaw he added: "I'm certain the biggest incentive for anyone to work is money."

There was a pause while the others glanced around cautiously, hesitant to join in the discussion. A similar pause followed most of the remarks made at the meeting.

Managers of companies' pay systems evidently don't talk easily about their work, perhaps because in the British private sector at least, pay structures tend to be kept as secret as research programmes—if not more so. The dozen probably wouldn't have said anything at all without a guarantee that the FT would keep them and their companies anonymous.

They see their job mainly as a continuing struggle to maintain a reasonably fair and rational complex of differentials within the organisation against employment-market pressures. But all present agreed that market forces call the tune. "If you need someone and getting them means paying way over the grade, you pay it and that's that."

Recruits pulled in at structure-staggering salaries are referred to as "red-circled." And the consensus view was that such recruits should be gradually whittled down to the organisational normality by retarding their pay progress in later years. The equalising intentions are often frustrated, however, and not only by ambitious job-hoppers who, by representing the pay advantage they owe to scarcity value as a measure of exceptional ability, swiftly talk their way into a higher rank of some other company's hierarchy.

"My first job in pay administration a few years ago was with Ford," said the Scotsman. "We had people there who'd been red-circle recruited about 1947 and were still red-circled then. I daresay some of them are to this day. It's not often possible to be fair."

"It's more like 'hardly ever possible' from my viewpoint," said a man whose group responsibilities straddle oilfield operations and conventional engineering.

"Take young engineers with about two years' experience. If it's in oil — as a mud engineer, say — we recruit them at £14,000 base. If it's in ordinary engineering they get £8,000. And they're very much the same people. That's market forces!"

"But what about incentive schemes for managers?" Lutyens insisted. Most of the managers from whom no employee's pay secrets are hid looked disdainful. But after the ritual pause one revealed that his manufacturing company has such a scheme.

"Our basic salaries for managers are at about the upper quartile mark for the industry and area. On top of that they're offered bonuses for achieving objectives like cutting the material content of the product by 10 per cent over a year.

"The bonus money is tied to company results. But in a good year, it can be worth an extra £5,000 or more. Our managers generally respond well to it. . ."

Lutyens nodded at him to go on.

"But there's a problem. We have an incentive system on the shopfloor too. It comes to about 30 per cent of total payout. And it's only if they earn the lot that workers' wages come up to the upper quartile which the managers get as basic.

"It works to the extent that you don't see people doing nothing on our shopfloor, absenteeism is about 0.2 per cent and we've a negligible labour turnover.

"But all the same, the shopfloor sees the extra work they have to put in to get up to reasonable wages being used by management as a pretext to pay themselves big bonuses on top of their higher basic. There's a lot of resentment."

"But that's surely the opposite of what pay-administration exists for," said another. "It's our job to heal 'them and us' divisions, not to open them up. Why do you have a system like that ?"

The incentive-scheme manager looked glum. "It's like that," he snapped, "because we can't think of anything better."

Michael Dixon

Business courses

Effective organisation, Uxbridge. March 26-30. Fee: £520. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Tel: 0895 56461.

Multinationals and European integration, London. April 5-6. Fee: £460. Details from The Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355.

Industrial relations negotiation skills, Bradford. March 11-16. Fee: £510. Details from Michael Fordham, Assistant Director, Management Development Programmes, University of Bradford, Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire BD9 4JU. Tel: 0274-42299 ext 216.

Managing people for optimum performance, London. March 22-23. Fee: £360 + VAT; group rates for 3 or more £315 + VAT. Details from Monadnock International, 79 St John Street, London EC1M 4DR. Tel: 01-253 5909. Telex: 299180

Executive guide to information technology, London. March 30. Fee: £70. Details from Short Course Unit, City of London Polytechnic, 84 Moorgate, London EC2M 6SQ. Tel: 01-283 1030.

Introduction to forecasting, London. April 30—May 4. Fee: £330. Details from Nigel Meade, Department of Management Science, Imperial College, Exhibition Road, London SW7 2BX. Tel: 01-589 5111, ext 2528.

Personnel management, Brussels. April 16-20. Fee: Non-members BFr 60,000; members (AMA/I) BFr 54,000. Details from Management Centre Europe, Avenue des Arts 4, B-1040 Brussels. Tel: 02 219 03 90. Telex 21.917.

Trainer skills development, Heathrow. April 16-18. Fee: £365. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

TECHNOLOGY

EDITED BY ALAN CANE

SOFTWARE SERVICE BOOSTS HOPES OF PRESTEL SUCCESS

Call a program, play a game

BY PHIL MANCHESTER

BRITISH TELECOM'S pioneering Prestel service has hardly been a runaway success. Originally set up with some 16 computers to provide computerised information services, all but two of the computers were closed down a couple of years back. The expected attractions of instantly available information to the public and business just did not materialise.

But there are signs that salvation is on the way—and from an unusual source. The massive sales of home microcomputers have pointed the way to new possibilities for Prestel—as a communication medium between users as well as a new medium for software distribution.

For the modest cost of a modem (around £100) and a yearly subscription that works out at about £1 per week, almost any home computer user can plug into the "network." A modem is short for a modulator/demodulator—a device that performs the necessary conversations that enable digital information to be sent over the analogue telephone lines. The cost of modems has plummetted in the last couple of years making it a feasible and affordable addition to the home computer.

Last year, the UK Prism group—a company that had grown rapidly from its success as a distributor of home computers and has a computer magazine publisher — launched a Prestel based service called Micronet. It operates as what is known as a closed user group under the main Prestel service and the subscription cost covers the use of Prestel as well.

Closed user groups are a little like cable TV subscribers —they pay for privilege. In its current state Micronet has attracted between 7,000 and 8,000 subscribers, the vast majority being Sinclair Spectrum and BBC micro users.

Prism is extending the list of computers supported on the system all the time and an adapter for the ubiquitous IBM personal computer is due soon, according to Grahame Daubney, Prism's director of new developments.

"We have been consistently the most used information provider on Prestel since we started," Daubney claimed. "In January we had in excess of three million accesses. The closest competitor can only claim half of that," he added. The number of accesses is a measure of the amount of usage the system is getting and is as much the lifeblood of the Prestel Information Provider (or IP as they are called in the jargon) as the viewer's ratings are to a TV station.

But with the strong position already achieved by Micronet and the accolade of an award for technological innovation presented at January's Which Computer show, Prism is not too worried. A business Micronet, due to be started last year, is now imminent. But what do 7,000 microcomputer users find to do with what amounts to about 400 pages of information each in a month?

Micronet follows the pattern of the standard Prestel service. For those not familiar with this, it consists of making a series of choices from menus displayed on a screen. As Prestel was designed to be used with a numeric key pad, this means pressing a number to make your choice from the menu. The system presents you either with the next menu (down the tree in jargon) or the actual page you are looking for.

Once you get to know what pages you want to access regularly, you can bypass the "tree walking" system of menus and go directly to the page. This saves a lot of time and cost in telephone connection charges (yes, you have to pay for them).

When it comes to the information held in Micronet, there is a distinct difference, however. The system's real innovation is that it makes software available to home computer users. There is heaps of the stuff—mainly games but also including two other categories, Education and Development. There is a sort of catch-all General category for the bits and pieces. The software is available for a number of machines in addition to the BBC micro and the Spectrum. At present this covers Apple, Tandy and Commodore with others in the pipeline.

Readers may recall that a similar service is reported to be operating in the U.S. under the auspices of AT&T and Coleco (Financial Times, September 27 1983). The major difference is that much of the software (or telesoftware as it is known) on Micronet is free, donated by the users themselves.

There is also a lively market in swapping software. A bulletin board similar to the sort of thing you would find in a local shop lists items for sale, wanted and for swapping.

No figures are available for the sales of software through Micronet but one imagines that much use is made of the free programs that can be called down the telephone line and saved in the domestic computer. As many of them are written in the appropriate computer's standard Basic, they also have a significant educational role.

Micronet also has an up-to-the-minute news service (almost literally) which is bound to have an impact on the currently booming area of computer publishing. The nature of that impact will not become evident for some time—it is early days for Micronet and there are still some teething troubles.

But when the change does come it is difficult to see any long-term role for the home micro magazine. It is likely to be challenged on all fronts. Whether this is as a news medium (a role that is already being usurped by national newspapers), as a means for users of like machines to keep in touch (Micronet with its mailbox is much better at this) or as a method for distributing software. After all, who is going to spend hours typing in programs from magazine listings when they can achieve the same thing with a five-minute phone call?

JOYCE LOEBL AND LANGMUIR-BLODGETT FILMS

Thin films development

BY PETER MARSH

TWO BRITISH companies are trying to succeed in the taxing business of engineering ultra-thin layers of chemicals on substances such as electronic circuits.

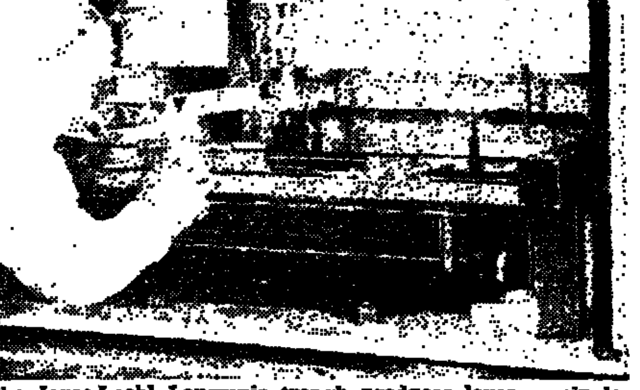
The layers are called Langmuir-Blodgett films. Composed of organic materials such as fatty acids, they have a thickness of just one molecule—about 20 billionths of a metre.

The films have a wide range of applications. They can form membranes useful in medicine, for example as part of dialysis machines.

Langmuir-Blodgett films also have uses in the world of electronics. They can form insulating layers on the top of electronics circuits. Or they can provide the thin resists laid on semi-conductors that are later altered chemically to alter the electrical properties of the substance.

A key activity is to engineer a reliable way of producing these thin and delicate materials. Joyce-Loebl of Gateshead, a subsidiary of Vickers, is selling a machine to produce the films.

The device, called a Langmuir - Blodgett trough, spreads the film of organic chemical on top of a bath of water. The unit adjusts the temperature and acidity of the water to ensure that a film is produced of the correct thickness.



The Joyce-Loebl Langmuir trough produces layers a single molecule thick

Then a mechanical device scoops up the film and spreads it onto a relevant substrate, for example a wafer of semi-conductor. According to the company, the process is similar to the lifting up of the skin from a dishful of cold custard.

In a little more than a year, Joyce-Loebl has sold about 20 of the devices, which sell for around £20,000. Most of the customers have been research institutes or electronics companies in the U.S., Japan or West Germany. The machine was initally developed by electronics researchers at the University of Durham.

The second company in this business sells a similar machine though the price is only about £10,000. Dr Frank Grunfield and his wife Carolyn started NIMA Technology last August. So far they are the only employees of the company, which is on Warwick University's science park.

NIMA has sold two machines with more orders in the pipeline. Dr Grunfield hopes for annual sales of about £60,000 in the company's first year of trading.

Energy

Bank cuts its bills

NATIONAL Westminster Bank is aiming to reduce its energy costs at its branches throughout the UK following a three-month trial at three of its offices in Sussex.

The company installed three fuel sensors developed by Sangamo Controls and has ordered a further nine more for more tests. The equipment is connected via public telephone lines to a central monitoring computer.

Each system costs about £2,000 and Sangamo says that the payback time is about 12 months—typically about 20 per cent fuel savings results.

The system installed at NatWest consists of a central microprocessor linked to five sensors and a simple display and keyboard to operate the controller. More details on 041-248 2488.

MATERIALS TREATMENT

How lasers help prevent corrosion

A LASER technique developed at Bath university could help the builders of future generations of British power stations.

Engineers often need to protect from corrosion the metal parts of such stations. They spray on to the metal a fine powder that forms a layer perhaps a fifth of a millimetre thick.

Similar techniques are used in many other areas of industry, for example to protect metal components from wear. The powder could be tungsten carbide or chromium carbide.

Engineers involved in these applications must specify the thickness of the layers to a high degree of accuracy. But to monitor the formation of the film is difficult.

In practice, workers have to remove the metal parts from the area where they are being sprayed. Then follows a lengthy procedure of measuring the thickness of the film, perhaps with a micrometer. The task can take up to 20 minutes.

Researchers at Bath University's school of materials scientist have developed a laser technique to measure the thickness of these films. The workers say that with their process the job takes a matter of seconds.

The Central Electricity Generating Board has contributed about half the £100,000 that the research has cost. The Science and Engineering Research Council has footed the remainder of the bill. The work could see practical use in the construction of power stations.

The Bath technique is ingenious. A beam from an argon ion laser passes through a "light chopper" that divides the radiation into a series of pulses. The light illuminates a piece of metal, for example aluminium or steel, that has on it a thin protective coating.

At the surface of the layer, some of the light energy is transferred into heat, which burrows into the film as infra red waves.

These waves are reflected back to the surface by the joint between the deposited film and the metal itself. At the surface, the waves spread out and are collected by an infra red detector.

RODENT CONTROL

'Pied Piper' of King's College

COMPANIES or householders bothered by rodents may be interested in proposals by zoologist Dr Gillian Sales. She suggests that mice and other pests can be lured to an untimely end by "tunes" of ultrasound emitted by special instruments.

Dr Sales, of King's College, London, is trying to interest the worlds of commerce and academe in her proposals. Most pest-control gadgets that use ultrasound simply blast the waves in the vicinity of where the animals are thought to be.

The idea is that the waves—high-intensity sound inaudible to the human ear — simply scare the creatures away.

But this approach is not subtle enough, thinks Dr Sales, who has applied to the Natural Research Environment Council for a research grant to further her ideas. A far better technique is to entice the rodents by playing to them sound waves that they find attractive.

"This technique has a lot of potential but we still need to do a lot more research to evaluate how useful it could be," says Dr Sales.

First, she says, scientists must find out exactly the kind of waves that mice and other furry animals enjoy listening to. Researchers already know that rodents produce ultrasound in rather the same way as bats.

The nature of the ultrasound varies according to what the animals are doing. For example, baby mice produce these waves to attract their mothers. Rodents also emit characteristic bursts of ultrasound while copulating. Special signals are given off by adult rats in the "refractory" phase after sex.

Once they have worked out appropriate ultrasound "tunes," scientists could test them out in places such as warehouses where furry pests are likely to abound. The animals could then be lured to central traps.

Dr Sales graduated from Queen Mary College, another academic institution in London that specialises in the understanding of ultrasound emitted by animals. Professor David Pye of the college's school of biological sciences has devised a range of "bat meters" that detect the ultrasound emitted by bats and other creatures.

QMC Industrial Research, a company associated with the college, has sold about 600 of these instruments around the world.

PETER MARSH

Communications

Computer links

FOR ABOUT £84, OEL of Penrith, Cumbria, is selling a device to connect personal computers or computer terminals to viewdata services over the telephone lines.

Technically a V23 modem (modulator demodulator) which turns computer code into telephone transmissions and vice versa, the device is available for the BBC Model B, Commodore 64, Atari, Apple, Tandy Model III and the CBM 3000, 4000 and 8000 series.

Communications software packages which must be used with the modem to give access to Prestel, Micronet 800 and other viewdata services cost from £19.95. More on 0792 68748.

ENERGY REVIEW

Dominic Lawson meets Dr Armand Hammer, 85-year-old chairman of Occidental

'I don't intend to leave so soon'

SIPPING SHERRY with the 85-year-old tycoon in the discreet luxury of his favourite suite in London's Claridges Hotel, it is difficult to imagine this smiling great - grandfatherly figure frightening the wits out of anyone. But asked about the possibility of a Boone Pickens style bid for Occidental, and Dr Armand Hammer shows his teeth.

"We know how to fight raiders. We *had that experience* with Standard Oil of Indiana.

"We fought them off successfully and we'd do the same again. We have huge unused credits. We might turn the tables on anyone who tried to raid us. We might take them over. We were able to take Cities Service over for $4bn without issuing a single share or stock, so I think we'd be formidable for anyone who tried to tackle us."

Dr Hammer describes the royalty trusts used by Mr Pickens in his manoeuvres against Gulf and others as a "gimmick," resting on the vagaries of American tax law. He argues: "The royalty trust destroys the company. It's a form, almost, of liquidation. If we liquidated Oxy the shares would be double, maybe triple, what they are today." Occidental's shares are currently trading in the $27-$29 range.

This seems a very seductive argument for hiving off Occidental's oil-producing assets into a royalty trust, but Hammer has faith in his shareholders. "We still have many stockholders who came in at $1 a share. They come to the annual meetings and give me a standing ovation every time I walk in. They know I've never sold any *of* my stock." The annual meetings are always held on Dr Hammer's birthday.

Dr Hammer resents the description of Occidental as a confusing and messy company. It boils down, he says, to just four businesses: oil and gas, coal, chemicals and boxed beef.

He feels that oil company diversification of the 1970s got a bad name because the companies concerned didn't manage the acquisitions properly.

"That's what happened to Exxon when they bought Reliant. They didn't know that business and they lost their shirts. Mobil and Montgomery *Ward—there's another case.* But conglomerates are not bad if they are well run. There are no bad businesses. My history has proved it. (I knew nothing about distilling when I went in, and I made a great success.) I'd never seen an oil well when I went into this business."

Oxy's chemical business has been Dr Hammer's big headache, losing $24.5m last year on turnover of close to $1.1bn. Occidental withdrew from a chemicals joint venture with ENI, the Italian state energy concern, in December 1982, after a difficult year-long marriage.

"The Italians had one motive, which was to give work to their people. That's a laudable purpose—but it doesn't make you any money," he says, adding: "Chemicals will have an excellent year in 1984. They'll make very substantial profits."

One source of earnings which has given much needed stability to Occidental's fluctuating profits is North Sea oil. Last month the reserves of Oxy's Piper field were officially calculated at 837m barrels, 219m barrels more than originally estimated, and giving Oxy a real rate of return on its investment of almost 48 per cent.

Dr Hammer denies that Occidental is winding down its North Sea operations. "We have a very ambitious drilling programme. It's much more difficult to find the oil than it was, but it's still there."

Oxy will be active in the recently announced ninth round of North Sea licences, he says, but not in the part which involves an auction.

"I don't like auctions," says Dr Hammer. "It's still a very risky business. You saw what happened in Alaska—a $1bn dry hole. We're not going to bid in an auction. Let someone else gamble. It's enough of a gamble looking for oil. To gamble on whether you get the opportunity to gamble: that's quite another story."

Roger Taylor

Dr Hammer: "We'd be formidable."

Occidental is now starting to drill for oil off the coast of China, in the Pearl River Basin, close to where BP abandoned its first well in January.

The way Dr Hammer tells it, it was the Chinese who asked him over rather than the other way around. "I met Deng Hsiao-ping at a rodeo in Texas five years ago. He was introduced to me, and he said 'you don't have to introduce Dr Hammer. We all know you in China. You came to help Lenin when Russia was in trouble. Now come to China and help us.' I said 'Mr Prime Minister, there are no private planes in China and I'm too old to fly commercial planes'."

Naturally, Deng agreed to let Dr Hammer fly his private Gulfstream jet in Chinese airspace, the same privilege that *he enjoys in the Soviet Union.* Thus, Oxy became the first U.S. company to get Chinese oil concessions.

The Chinese oil play is at yet all risk and no reward, but Dr Hammer's prognostications for the price of oil give Occidental the impetus for an ambitious world-wide exploration programme. "We're using oil faster than we're finding it, not only in the U.S., but all over the world. Some people think that Opec will fold, but I think they'll keep raising prices. I predict that oil will be $100 by the end of the decade."

By then Dr Hammer would be in his 90s. But it is as difficult to pick the likely successor to the chairmanship of Occidental as it is to fathom out the pecking order among Hammer's business associates in the Kremlin. The current Occidental president, Mr Bob Abboud, former chairman of First Chicago Corporation, is the *favourite*, but as the fifth man to be given that job by Dr Hammer in the last 15 years, he must know that the previous incumbent lasted only a year in the hot seat.

Dr Hammer insists: "We have several executive vice-presidents who are all candidates for my job. Besides, I don't intend to leave so soon. I won't resign until the stock hits $100."

Why Wall Street may be having second thoughts

WALL STREET does not know quite what to make of Occidental Petroleum. Individual shareholders, who account for over 80 per cent of the outstanding shares, are some of Dr Hammer's most loyal fans but the major institutions are not great admirers.

"Institutions have avoided this thing like the plague. You cannot even bring the name up in conversation" says Mr Bruce Lazier of Prescott, Ball and Turben, one of the few of Dr Hammer's supporters in the U.S. brokerage community.

Occidental Petroleum suffers from a credibility gap in the eyes of many professional investors in the U.S. This is emphasised by the shares which yield about 8 per cent at $29, up from a low of $18 against the average of 5¼ per cent for U.S. oil companies of a similar size. It is much more highly geared than the rest of the U.S. oil industry. Its earnings record is volatile and it is not earning enough to cover its common stock dividend.

Finally, Dr Hammer's "deal making" scares the institutions. They would prefer to see the "good doctor" spending more time focusing on Occidental's return on assets rather than on barter deals with the Eastern bloc.

In 1983 Occidental reported a dramatic 264 per cent recovery in its net income to $566.7m. But this figure included $95.1m of extraordinary gains from the termination of certain pension plans and another $230m of gains on asset sales. Stripping these out takes the net income from continuing operations down to $241.6m, out of which has to be found $367.7m for the company's preferred dividend and another $240m for the common stock dividend.

Even if the capital gains and extraordinary items are included, the final earnings per share of $2.03 does not cover the $2.50 dividend.

For many institutional investors Occidental's bid for Cities Service, the 20th largest oil company in the U.S., was the last straw. The company *was already highly leveraged* before the deal, and interest rates and oil prices have hardly moved in the company's favour since then. After the acquisition, Occidental had shareholders' equity (including non-redeemable preferred stock) of $2.7bn which supported $2.1bn of redeemable preferred stock and $4.1bn of senior funded debt.

However, there are signs that the institutional investment community is beginning to have second thoughts about Occidental, especially now that it has cut its debt from a peak of $6.3bn in September 1982 to less than $3bn in a series of disposals of Cities' non-producing assets over the last year. Suddenly, the Cities Service acquisition is not looking such a bad deal after all.

Prescott Ball's Mr Lazier calls the Cities Service deal "an enormous gamble that has paid off."

Occidental is also a more difficult take-over target than many medium sized U.S. oil companies. It has big foreign earnings and is in all sorts of other businesses such as beef packing and industrial chemicals. In any case, even someone like Mr T. Boone Pickens would think twice before sparring with the wily Dr Hammer.

William Hall in New York

COMPANY NOTICES

AFEX CORPORATION
SOCIETE ANONYME
(Incorporated in Luxembourg)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Afex Corporation Société Anonyme will be held at the offices of Wenzel Wentzel & Co. S.a.r.l., 4 rue des Girondins, Luxembourg on 28th March, 1984 at 2.30 p.m. for the following purposes:

1. To consider and adopt the following special resolution which will have the effect of amending the Articles of Incorporation: "THAT the figure presently stated in the Articles of Incorporation in respect of the share premium of the Corporation be amended to read U.S.$2,755, and that Article 5 of the Articles of Incorporation be amended accordingly."
2. Miscellaneous.

For the meeting to be validly constituted a quorum is required of holders of shares representing at least 50% of all the subscribed and paid-up shares in issue. Each subscribed and paid-up share in issue shall entitle the holder thereof to one vote.

In order to be validly adopted the special resolution referred to in the agenda requires the approval of holders of at least two-thirds of the subscribed and paid-up shares present or represented at the meeting which will be held in the presence of a Notary practising in Luxembourg.

By Order of the Board,
CITY GROUP LIMITED
London Agent

50 Route D'Esch,
Luxembourg.
29th February, 1984.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the second ANNUAL GENERAL MEETING of Afex Corporation Société Anonyme will be held at the offices of Wenzel Wentzel & Co. S.a.r.l., 2 rue des Girondins, Luxembourg on Wednesday, March, 1984 at 3 p.m. for the following purposes:

1. To receive and adopt the reports of the directors, auditors and commissaire for the year ended 30th September, 1983.
2. To receive and adopt the profit and loss account and balance sheet at 30th September, 1983.
3. To consider and approve allocation to legal reserve.
4. To consider the payment of a dividend.
5. To grant discharge to the directors, auditors and commissaire in respect of the execution of their mandates to 30th September, 1983.
6. To receive and act on the statutory nomination of the directors, auditors and commissaire for a new term of one year.
7. Miscellaneous.

By Order of the Board,
CITY GROUP LIMITED
London Agent

50 Route D'Esch,
Luxembourg.
29th February, 1984.

Notes:
(i) In terms of Article 20 of the Corporation's articles of incorporation a shareholder may appoint a proxy who need not be a shareholder of the Corporation. Any corporation being a shareholder of the Corporation may execute a form of proxy under the hand of a duly authorised officer.
(ii) To be effective, the form of proxy duly completed, must arrive at the registered office of the Corporation not less than forty-eight hours before the time fixed for the meeting. Proxies sent to the office of the transfer agent for forwarding to the Corporation at shareholders' risk must be received by the transfer agent not less than seven days before the meeting.
(iii) There are no contracts of service with any of the directors.

THE ARTS

Television/Christopher Dunkley

If only it were make believe

Why is the entire world of fantasy — so much bigger, after all, than the real world — given so little attention by television? Literature seethes with wonderful fantasy from Alice to Asimov; from Mervyn Peake to Frederick Pohl, from *The Tempest* to Tolkein, from H. G. Wells to Arthur C. Clarke. And what does television give us? An endless stream of drama about men in Fair Isle sweaters driving spotless vintage motor cars down lanes to assignations with girls in Flame Passion lipstick and cloche hats standing in front of sparkling enamel advertisements for Virol Malt and Mazawattee Tea — all of it selected, staged and filmed with just one thought in mind: to achieve scrupulous "realism."

Kenneth Branagh and Sigrid Thornton in "The Boy in the Bush": re-enamelled steam engines.

Worship of period verisimilitude has become the bane of television drama. Never mind that the history of story telling is the history of man's imagination; never mind that television with its instant ability to conquer all four dimensions is an ideal instrument for lifting us out of the banality of the actual and into realms of make believe — the important question today is whether the props department has got the mantles on the gas lamps right, and whether the costume designer isn't an entire season out of date with the draping below the bustles.

Cinema like literature has, from its very earliest days, catered to the basic human need for fantasy. In the pre-sound era films such as *Nosferatu* and *The Cabinet Of Dr Caligari* were popular, and today the cinema gives us such staggeringly successful fantasies as *Star Wars* and *Close Encounters Of The Third Kind.* In between we have had everything from *Topper* and *The Wizard Of Oz*, to *Dracula* and *King Kong*, from *The Thief Of Baghdad* and *The Invisible Man* to *La Belle Et La Bête* and *Snow White.* These films do turn up from time to time on television of course, and tellingly popular they are too.

But what is British television contributing to the world of fantasy stretching from Homer's *Odyssey* to Roeg's *Eureka?* Dreadfully little apart from *Dr Who*, now in its 21st year. Television's favourite setting this year as everyone knows is India, with *The Far Pavilions* going for the 19th century, and *The Jewel In The Crown* for the Second World War. *Kim* and *A Passage To India* are on their way and whatever else may vary you can bet that they will exhibit the same stern insistence upon authentic detail as virtually all other drama on television.

Before the new drama series which started in the past week this season had already brought us *Strangers And Brothers* with its 1920s and 1930s hemlines and (of course) its Fair Isle sweaters. Last week's episode starred a Second World War London taxi cab. We have had *One By One* set in the late 1950s with paper petticoats and a natty little sports car of just the right period. That is on BBC 1 as are *Diana* and *Goodbye Mr Chips*, both of which manage to look like very long commercials for Hovis with their pristine period vehicles bathed in pre-war sunlight.

On top of these series ITV has now brought us *The Country Diary Of An Edwardian Lady*. Episode one gave us maids in white aprons and men in wing collars, and the studio lighting centred-up on screen to approximate the effect of lighting by oil lamps. Bustles and mob caps were everywhere and at one stage we were treated to an operational horse-drawn plough.

Boy In The Bush which started on Channel 4 brought fob chains and mutton chop whiskers, an entire Victorian dockside scene with carters and barrels and men in top hats, and this time in addition to an operational horse-drawn plough we were given an early agricultural steam engine which looked as though it had been re-enamelled moments before the camera turned over.

Of course there is nothing inherently wrong with period drama. Although it may not be entirely healthy that the rest of the world should come to regard Britain as an inexhaustible source of costumed series *gazing back fondly to the great* days of Empire, the exports presumably help the balance of payments and there are sizeable audiences at home. But we are, surely entitled to protest at the ridiculous concentration on such material to the exclusion of practically all other drama.

It is true that the BBC made *Boys From The Blackstuff* (though they have rested on its laurels too long now) and ITV currently offers us the excellent *Minder* and a short and peculiarly nasty series exploiting "Killer" in each title—*Killer Waiting*, *Killer Exposed*, and *Killer Contract*—none of which is historical. All sorts of other series from *Coronation Street* to *Auf Wiedersehen Pet* are set in the present, too.

The objection, however, is not merely to the craze for period settings and the obsession with historical detail; that is merely the most obvious symptom. The objection is to British television's current slavish adherence to naturalism.

It was not ever thus, as I realised when interviewing producer Irene Shubik for a Lunchtime Lecture at London's National Film Theatre last month. One of the clips chosen to illustrate her work was from a dramatisation of E. M. Forster's "The Machine Stops" for a BBC science fiction series made 20 years ago called *Out Of The Unknown.*

The two most striking things about it were the futuristic look of the sets and costumes and the seriousness with which the theme was treated. There was no suggestion here that scientific fantasy was regarded as being exclusively for children in the way that British *television so clearly implies* these days. On the contrary, in spite of the passing of two decades the work looked more significant than ever with today's plans for "the wired society."

Yet Irene Shubik (who made *Staying On* and devised *The Jewel In The Crown* as well as launching *Rumpole)* cannot get backing for a new production of "The Machine Stops."

The one channel which could make a claim to serving our fantasy needs is Channel 4 though even they, I suspect, have achieved it only incidentally as a part of their admirable "repertory" policy. *The Prisoner* and *The Avengers* were two of the most striking fantasy series ever made by British television and both have been re-run by Channel 4. Admittedly *The Avengers* is now repeating its least impressive episodes with Linda Thorsen instead of Diana Rigg playing the female lead, but the fact remains that the series is *remarkable* for an absence of literal mindedness rising occasionally to sublime levels of batty inventiveness.

What is so sad and infuriating is the date of these series: *The Avengers* started production in 1960 and *The Prisoner* in 1966. That was a period when the Americans, bless their (commercial) cotton socks, were even more busy than the British with supernatural or anyway non-naturalistic programmes. They borrowed from books for series such as *Tarzan* and *The Invisible Man* and, more significantly, originated a large amount directly for television.

Between the late nineteen fifties and the early nineteen seventies Rod Serling produced *The Twilight Zone* (happily re-running on BBC2 at the moment) and *Night Gallery*, Leslie Stevens contributed *The Outer Limits* (recently re-run by the BBC), John Newland presented *One Step Beyond*, and the space saga *Star Trek* set new standards in fan frenzy. Episodes varied greatly in all these series but at their best each produced superbly entertaining television.

Less thoughtful and less im*pressive*, yet *equally popular*, were such mid-seventies American series as *Wonder Woman*, *Six Million Dollar Man* and *Bionic Woman.* These were aimed, ostensibly anyway, at children, and nobody would claim great dramatic or intellectual profundity for them. But the important point about them here is that they represent television's popular version of a most ancient sort of fantasy: the supernatural being with magical powers who comes to the aid of the weak and the downtrodden. *Greek myths, Indian legends*, and European fairy tales have all relied on such themes.

Why is it that British television producers one and all are so utterly convinced that that rich tradition should now be steadfastly ignored? How can they believe that any of us ever want to see another actor in Homburg and spats bustling past the Nestlés two penny chocolate machine to board another steam train on the Bluebell Line? Do they honestly imagine that we can bear to watch yet another close-up as yet another trowel-full of earth hits yet another oh-so realistic coffin in yet another cloyingly picturesque English country churchyard packed with extras dressed in immaculate Edwardian mourning?

It is time they once again lifted their eyes from the grave and the past and looked to the stars and the future.

New York Opera/Andrew Porter

Handel debut at the Met

RINALDO is the Met's first Handel production. It comes here as a Met centenary loan from Canada; *it played last* year in Ottawa. It's a gorgeous show, with sumptuous scenery and costumes by Mark Negin. A fiery-eyed dragon, snorting smoke from its nostrils, draws a chariot through the air. Mermaids wag their fishy tails. Salamanders wreathe and writhe and faint in coils around Armida. The final battle is fought out, between golden boys on the Christian side and muscular blue-armoured paynims, as a gymnastic display of cartwheels and somersaults, while Rinaldo, aloft on a watchtower, cries his "Or lo tromba" against the pealing trumpets. In Ottawa, they were near-naked; in more prudish New York they have been clad.

As a spectacle, the show is a success. As an account of Handel's music drama, it's abominable. The 1711 score has been butchered. Only 15 of its 31 arias are sung complete. The great Act I sequence built around "Cara sposa" has been dismembered and scattered. So has the Act II finale, a sequence of G major-minor pieces for Armida. Armida's "Ah! crudel!" has been broken into two and dropped into two different scenes of Act III. Act II here ends with Rinaldo's "Cara sposa" — a great aria, but not a finale. And so on. The Met's programme note, by Brian Trowell, refers rightly to the "unusually serious subject matter" of *Rinaldo* — conflict in the Middle East, warring ideologies, captains distracted from their great enterprises by personal partialities. But the *production*, by Frank Corsaro, treats the drama as a costumed concert. Almirena's "Augeletti" is presented as a cute salon number, sung from a score, with three onstage recorder players.

Marilyn Horne (Rinaldo), Benita Valente (Almirena), and Samuel Ramey (Argante, a Met debut) took their Ottawa roles. I heard some of the broadcast: Ramey was tremendous; Horne was off form and out of tune. In the house, I heard the second cast. Ewa Podles was a fairly decent Rinaldo, but not big enough for the enormous theatre. Gail Robinson was a colourful Almirena. Terry Cook was a dim Argante. Carol Vaness made her Met debut as Armida and was vivid enough to make one doubly angry at the crass edition. Mario Bernardi conducted decently enough but showed no special Handelian gifts. Would any true Handelian have agreed to conduct this mishmash? Recitatives were sluggish, and accompanied by a nonstop harpsichord fantasia of figurations and arpeg*gios and trills.*

The centenary Met season has been pretty dim so far. The management evidently finds it hard to engage fully acceptable casts. I wanted to hear Hildegard Behrens' Isolde—but not if it meant sitting through Richard Cassilly's Tristan; Rysanek's Elisabeth—but not with Cassilly's Tannhäuser; Jessye Norman as Cassandra *and* Dido—but not with Edward Sooter's Aeneas. Life is short, and records are preferable. I did go back to the *Macbeth* revival. Peter Hall's controversial production has been tamed into dreary routine. Renata Scotto was vocally inadequate. Sherrill Milnes was bland. It was an unworthy presentation of what should be an exciting opera.

Samuel Ramey

For the next Met season, 30 weeks long, 21 operas are announced, with four new productions: *Tito* (Ponnelle), *Porgy and Bess, Tosca* (Zeffirelli), and *Simon Boccanegra* (Dexter). Ten of the 21 operas, including three of the four new productions, are conducted by James Levine; Sinopoli conducts the *Tosca*. Domingo conducts *Bohème*, and Tennstedt *Elektra.* Margaret Price makes a Met debut, as Desdemona. Caballé sings some of the *Ernani* performances. Peter Glossop returns, as Scarpia and Boccanegra. Aldo Protti, who recorded Amonasro 32 years ago, sings Rigoletto.

For the next New York City Opera season, 20 weeks long, 18 operas are announced, with eight new productions: *Barbiere, Carmen, La rondine, The Mikado, The Rake's Progress* (Hockney), *Lakmé Sweeney Todd*, and Philip Glas's *gress* (Hockney), *Lakmé*, Corsaro, is to be "a new interpretation, with Carmen as a loyalist determined to overthrow the dictator Franco, and José as a fascist soldier." All operas not sung in English—which means all, except *The Magic Flute*, not written in English—will have "supertitles" flashed on a screen at the top of the proscenium.

The man who fell in love with his wife/Lyric Studio

Michael Coveney

The full title of Ted Whitehead's new play at the Lyric studio in Hammersmith is *The Man who fell in Love with his Wife* and the trouble with it, apart from its length and unsuitability for this page style, is that it gives too much away. We see Liverpool docker Tom Fearon become dangerously *obsessed by Mary when she* returns to work after 20 years of marriage. She walks out on him as he cannot accept her right to a separate life within the relationship.

Anna Lindup, Lynn Farleigh and Tom Bell

The play is a revised version of *Sweet Nothings*, seen on BBC TV in 1980 with the same actors as here play Tom and Mary, Tom Bell and Lynn Farleigh. One can only conclude that the revisions are not sufficient, for Peter James' production is infested with dull interludes for silly little scene changes after scenes that rarely build to any sort of definite conclusion or climax. The stage action is simply not fluid enough to engage our interest, with the result that the piece comes across as awkward and clumsily organised. Nor are the emotional turning points invested with much clout or clarity.

Tom is a beer-drinking supporter of the Reds who suddenly finds his sex life enlivened by Mary's new confidence and independence. They *take cheeky polaroid* snaps of each other and even send off for spicy underwear, much to the amusement of their student daughter Susy (Anna Lindup) who discovers the latest batch in the sitting-room. Tom regresses to playing his favourite tapes: the Platters, the Rolling Stones, even Nat King Cole's "Unforgettable."

But Mary's liberation involves being given the novels of Peter Handke (of all people) by one Bob Rees (whom we never meet) at the office. Her other office chum Julia (Jacqueline Tong) calls by to further exclude Tom from the new life.

Whereas in *Alpha Beta* Mr Whitehead analysed the breakdown of a marriage over a period of nine years, here we have a hint of a sudden breakdown in one of the partners. Tom walks out of his job, determines to be a house-husband, starts decorating the Christmas-tree several weeks early and even orders a white sports car just for a lark. He has been to see a psychoanalyst.

Tom Bell does not really dig into the character's bovine despair, playing on one unruffled level and allowing himself the occasional tear-stained inaudible outburst. Much more interestingly, Lynn Farleigh quivers on the threshold of a new life and becomes confused and eventually intolerant of her husband moping around after her like a pet dog.

After the interval, Mary has moved into a sunlit flat of scrubbed floorboards, beanbag cushions and stripped walls. This transformation in Poppy Mitchell's design from the cluttered lounge of pouffé and carpet slippers is a pleasant surprise, and there ensues a fine scene for mother, daughter and best friend in which they discuss fidelity, the new chastity, emotional dependence, marriage.

In the play's final scene, Susy is about to be married to *her first real boyfriend. There is a* reconciliation of sorts between Tom and Mary. He is now a cab driver. And she is in demand. Their lives have changed, probably irrevocably. But, in a way, they have grown up.

Suoraan /Wigmore Hall

Andrew Clements

More "Transatlantic Connections" in the New Macnaghten concert at the Wigmore Hall on Monday night. Certainly the programme made its point with less prolixity than its predecessor in this series, but what on paper promised satisfying symmetries and relationships proved in practice to be fragmentary and inconsequential. One wonders, at this stage in the season, whether or not the whole ethos of the enterprise is misplaced; surely the whole phenomenon of American music in this century has been one of self-centred, short-range traditions, and to seek its influences in contemporary European music is generally a futile exercise?

The outstanding exception that might prove this sweeping generalisation is John Cage, and three of his early vocal settings began Suoraan's concert. Josephine Nendick sang *The Wonderful Widow of Eighteen Springs, A Flower,* and *Forever and Sunsmell* with generously sustained tone. They rank among Cage's most unforced and effective pieces, undeniably poetic. As if to balance this group, there was an assorted trio of songs by Cornelius Cardew. The curiosity was *Voice from Thel's Grave,* written in 1957 for a competition at the Aldeburgh Festival, betraying the expected range of avant-garde influences, though not handled with the individuality and assurance Cardew acquired very soon afterwards.

Also compared and contrasted were Ives and Nancarrow, with Michael Finnissy. Finnissy himself played Ives *Fire Take-Offs* and Nancarrow's *Prelude and Blues* following each with his own brief piano tribute to the composer concerned. The Ives pieces proved predictably outrageous and daring, though without the satirical point the title suggested; the Nancarrow was vivid and muscular (and most effectively dispatched by Mr Finnissy), though it was no real compensation for the selection of Nancarrow's studies originally promised in the programme.

Debbie Horsfield wins Thames play prize

Debbie Horsfield is this year's winner of the Thames Television Playwright Scheme for her play *True Dare Kiss.* She receives £1,000, as does the Liverpool Playhouse Theatre which produced the play. The award goes to a promising writer, and past winners include Stephen Poliakoff, Mary O'Malley and David Edgar.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

February 24-March 1

Theatre

LONDON

Master Class (Old Vic): Timothy West as Stalin confronting Shostakovich and Prokofiev with charges of degeneracy in their music. David Pownall's gripping new play is second into the beautifully refurbished Old Vic after the departure of Blondel to the Aldwych. (928 7616).

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (930 2578).

Sufficient Carbohydrate (Albery): Transfer after a sold-out season at Hampstead for Dennis Potter's menopausal, over-symbolic but truculently written comedy on a gleaming white Greek island set. Dinsdale Landen superb, yet again, as a garrulous drunk. (836 3878).

Tales From Hollywood (Olivier): Nearly the last chance to catch Christopher Hampton's witty scenario for Austrian emigrés in Hollywood between the wars. Michael Gambon is the playwright von Horvath, Ian McDiarmid a vulpine, cynical Brecht. Large-scale epic play, funny and thought-provoking on the subject of the artist in exile. (928 2252).

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than was either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The *supporting actors roll over without* protest. (734 1166).

Pack of Lies (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the boopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, arrived on Broadway in a cast headed by Jeremy Irons and Glenn Close, directed at a fast clip by Mike Nichols. (239 6200).

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

The School for Scandal (Folger): With Dawn Spare as Lady Teazle and Lilene Mansell as Lady Sneerwell, Sheridan's "delicacy of hint and mellowness of sneer" comes to give inspiration close to the nation's capital in a production directed by Allen R Belknap (546 4000).

Death of A Salesman (Eisenhower): A new production with Dustin Hoffman as Willy Loman starts a cross-country tour destined to end up on Broadway in the spring. Ends March 18. Kennedy Center (254 3670).

BRUSSELS

Sol: Marc Favreau - Canadian mime artist, Atelier Louvain la Neuve.

FINANCIAL TIMES
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Wednesday February 29 1984

Insolvency law reform

THE White Paper published yesterday on a revised framework for insolvency law is timely and, in most respects, thoroughly welcome. The law relating to corporate and personal insolvency has been tinkered with over the years, *but not changed in any* fundamental way for a century. As a result, it is a patchwork of anomalies and deficiencies. The reforms now being put forward are not quite as sweeping as those proposed by the Cork Committee *in 1982, but they* should be relatively simple to enact, and they go to the heart of the main problems.

There are several objectives. One is to simplify the various procedures, and increase the use of voluntary arrangements for the collective settlement of debts. Another is to encourage companies to take action before the interests of creditors are seriously prejudiced. A third is to penalise cowboy liquidators and rogue directors. In all save the last of these goals, the White Paper seems to strike more or less the right balance.

Thus it seems sensible to encourage the increased use of voluntary arrangements by debtors who might otherwise enter into bankruptcy unnecessarily. This will be done by giving a debtor—under certain circumstances — a measure of protection from bankruptcy proceedings while he is trying to work out a voluntary scheme. Various procedural reforms should smooth the present rather tortuous processes in what appears to be a desirable manner.

The White Paper has adopted Cork's idea of a new mechanism in insolvency — the administrator, who can be appointed by the court when there is a reasonable chance that a company may be pulled back from the brink. This procedure should help to counter the shortcomings of the existing receivership process.

Drawbacks

These *include the fact that a* receiver and manager cannot be appointed unless there is a floating charge on most of a company's assets; that a receiver and manager can be frustrated if fixed-charge holders exercise their rights over assets which are vital to the troubled company's operations; and that such a receiver and manager is obliged to act mainly in the interests of the charge-holder who appointed him.

The administrator will face none of these drawbacks, and will in addition have most of the powers exercised by a receiver and manager. There will be various safeguards to protect creditors' interests: in particular, the administrator will not be confirmed in his job unless he can convince the unsecured creditors that he has a workable plan within the space of three months. This should encourage companies in difficulties to take action at an earlier stage, rather than to plough on into the ground. And businesses that would be better off to be broken up will not qualify for the administration process.

Sanctions

The White Paper also proposes firm action against two of the most common abuses of the present system. One arises from the fact that anyone can be appointed a receiver—an anomaly which has led to some unscrupulous practices at the expense of creditors. In future, receivers will have to show proper qualifications and obtain an insurance bond against dishonesty and negligence. This may be one of those occasions where a proposal that is good for solicitors and accountants may also be good for the rest of us.

Another major abuse stems from the ease with which a director can at present allow a limited liability company to become insolvent, form a new company—sometimes with the same assets—and go on trading much as before, leaving behind a trail of unpaid creditors. The Government is putting forward some powerful sanctions in this area—and may indeed have gone too far.

The White Paper's concept of wrongful trading—whereby a *director may be subject to a* civil liability if he allows a company in hopeless circumstances to continue trading—is probably acceptable. It will make all directors, including non-executives, think very hard *about their responsibilities and,* perhaps, lead them to take action sooner in order to protect themselves.

More worrying is the idea that directors of an insolvent company which has been wound up by the court should—with limited exceptions—face automatic disqualification from the management of a company for a period of three years. For one thing, this assumes that all such directors are unfit to be in control of a business, which is not always the case. For another, it could give an unhealthy degree of power to creditors who could terrorise directors with this threat.

Most serious of all, it could well deter skilled managers from taking a non-executive directorship in companies that enjoy anything but the rudest of health. Since we believe that non-executives have an important role in the present board structure of British companies, the effect of proposals to increase their personal liability and career risk makes us distinctly uneasy.

There is now a relatively short period in which to express concern about this matter, and other points of detail, to the Government. It should be perfectly feasible to correct the balance and turn this White Paper into law by the latter part of next year.

A crude bit of levelling down

THE HUFFING and puffing from the clearing banks at the news that they, like the building societies, will be compelled to deduct a composite tax rate from the interest they pay on deposits after the Finance Bill *is passed may well help to con*vince the Chancellor that he has got the balance about right. With two unpopular measures, anonunced outside the Budget, he has achieved what the Bank of England likes to call "a level playing field" in the market for retail deposits. (The wholesale money business, it seems to be implied, is a less sporting and more serious affair).

We heartily approve of the Chancellor's objectives, but we cannot pretend to be happy with his methods. It is odd, to say the least of it, to impose a new tax on the building societies by means of an unheralded administrative *fiat;* it is also unusual to announce Finance Bill measuers in this way. We are sorry that the Chancellor is not prepared to attack tax anomalies in a more open fashion, and spell out the sound reasons which lies behind his actions. *Perhaps he will after all explain* himself more fully on March 13.

Indignation

The substance of the changes is another matter; and it is *ironic, though hardly unexpec*ted, that the sounder of the two reforms is rousing the greater indignation. The building societies have for some time been the largest traders in the market for short-dated government stock; there is no good reason at all why their profits on this activity should be exempt from tax. The result is simply to give them a source of expansion capital denied to their competitors.

Perhaps the Inland Revenue and the Treasury hoped that the societies would *accept the* loss of this privilege without complaint, since it was announced when the ink was hardly dry on the published statement that "the association would willingly accept equality of tax treatment between the various financial institutions." They may also have hoped, still more naively, that the premature announcement of composite tax deductions for banks would stop the complaints. Sacred cows, however, have a very low threshold of pain.

Competitive edge

The societies argue that this is not equality, because they have no leasing subsidiaries which can absorb their tax liabilities, so they may now pay more tax than the banks. This is not the issue, though. The banks are simply passing on the tax concession for plant investment which sufficiently profitable companies could claim for themselves; the concession is of virtually no help in the battle for deposits, which is the Chancellor's concern.

The composite rate is also a marginal help to the building societies, so they will hardly be soothed by its extension to their competitors. It is an indefensible system in theory, since *it enables the institutions to pay* a little more to their taxpaying depositors by robbing those too poor to pay tax. In practice, it is easier to defend; the sums involved are trivial, and the administrative savings probably outweigh them. As computerisation of the tax system concludes its snail-like progress, it should be possible to switch to a fairer system. Meanwhile, the societies can enjoy a small *surviving competitive edge:* they have more poor depositors to rob.

ITALIAN TELECOMMUNICATIONS

Battleground of the giants

By James Buxton in Rome

Brana Radovic

"IF there's going to be a global war between IBM and AT & T, maybe it would be best if Italy were on both sides at once," says a sharp observer of the Italian telecommunications scene.

The war may not yet be global, but a fierce localised conflict has already broken out in Italy where a public argument is raging over the future of the country's telecommunications system and, by extension, the rest of its electronics industry.

On one side is Olivetti, the private sector company which recently concluded a major agreement with AT & T. On the other is STET, the state-controlled telecommunications and electronics holding company, which has been holding what were supposed to be secret talks with IBM, as well as with a number of other foreign companies.

Yesterday CIT-Alcatel, the state-controlled French company, served notice in public for the first time that it is talking to the Italians about possible collaboration on a new generation of public telephone exchanges. The French have not yet given up the attempt to piece together an entirely European counterweight to the American giants — an objec*tive which is strongly supported* in the Brussels Commission.

The Ltalian battleground is a microcosm of what is happening in the rest of Europe as AT & T, now free to move into information technology markets outside *the U.S., and IBM,* freed from the threat of anti-trust action in the U.S., jockey for position.

IBM, for example, is installing the latest phase of West Germany's viewdata system and is within weeks of an agreement with the London clearing banks to provide the main elements of a cashless shopping system in the UK.

AT & T is negotiating a *$200m joint* venture with the Spanish semi-state telecommunications authority CTNE and has tried to buy Inmos, the UK's state-backed microchip company. It has also formed a joint venture with Philips of the *Netherlands to sell public* telephone exchanges.

So the rest of Europe has more than a passing interest in the outcome of what promises to be a spectacular battle on Italian soil.

Two things are happening: first, the impenetrably Byzantine organisation of the State telecommunications utilities is at last on the verge of being rationalised.

*Second, and partly in conse*quence, a big market is opening up for equipment and services which the companies owned by STET know they do not have either the financial or technical resources to meet on their own. Hence their need for external alliances.

For a long time, Italian telecommunications suffered from the lack of sympathy and interest of the politicians. Although Italy was the first country in Europe to have universal subscriber trunk dialling, its telecommunications plunged into crisis in the second half of the 1970s as successive governments refused to let tariffs rise in line with inflation. Investment dropped drastically and the problems of SIP—the agency which provides most of the telephone service—dragged down the equipment manufacturers, especially Italtel, which like SIP is controlled by STET. SIP, which is only one of a number of Italian telecommunications agencies (see box), has the added disadvantage that it has to share its revenues with them.

The consequences is that Italy has nearly 50 per cent fewer telephones per head than West Germany. Its exchanges are virtually all electromechanical. There are only half the number of telex subscribers that there are in France and a third of the number in Britain. Almost all services function creakily and new services, such as national data transmission networks, are only now being *built.*

The politicians only woke up to the problems of the industry in 1981, when SIP was at last allowed to begin raising its tariffs substantially. Italtel was put under the management of the elegant and hard driving Sra Marisa Bellisario and began the long haul back to profitability and started developing a second generation electronic exchange.

But only in the last few weeks has an agreement finally been drafted which will remove at least some of the anomalies in the organisation and give SIP greater power. SIP is to take over all switching from ASST, will have the right to manage all new services such as teletex ond videotex, will be able to sell rather than just lease equipment and will have a slightly less cumbersome tariff-raising procedure. Meanwhile, Italcable is to get a stronger position in international calls. The Ministry, however, will continue to run the telex.

The new convention, which has yet to be signed, has its faults, notably that SIP will still not have full mastery of its tariff structure and therefore will not be able to cross-subsidise as much as it might like.

The convention includes one crucial point: SIP will have responsibility for completing and running Itapac, Italy's packet switching data transmission network. But this is where the controversy begins.

National data transmission networks allow computers to talk to each other via a public rather than private network, and packet switching is a way of concentrating transmissions so as to make the cost to the subscriber very low. They already exist in several European countries, even Spain. Itapac, which is far behind schedule, will open up an enormous new market.

The question is who will develop Itapac and supply the equipment for the private subscribers. Discussions between STET and IBM, the U.S. electronics giant, have focussed on the idea that IBM should provide and instal the interface between the subscriber and the network, possibly in a joint venture with SIP. And it has been suggested that although the system would have accessibility set according to an international standard, part of the software of the interface would be IBM's own SNA (Standard Network Architecture).

This would mean that although IBM would not have a monopoly of data processing equipment connected via the interface to the network, it would have a considerable commercial advantage because IBM equipment would be instantly compatible, while that of other manufacturers might have to be adapted.

In return for this advantage, IBM might co-operate with other componies in the STET group. Sra Bellisario of Italtel says that she is discussing with *IBM the idea of* the U.S. company buying Italtel's PABXs (private automatic business exchanges). IBM might also buy into SGS-ATES, STET's semi-conductor subsidiary which has just returned to breakeven and is rapidly expanding its micro-chip sales. It does, however, need new capital and a widening of its product range, which IBM could provide.

So far neither STET or IBM has done more than confirm that they are talking about possible forms of co-operation. But the very idea of IBM developing Itapac profoundly alarms Olivetti and provoked accusations of "economic colonisation" by the U.S. giant from *informed* critics on the Left, led by the Communist Party.

Sig Carlo De Benedetti, Olivetti's chairman, has long regarded IBM as "enemy number one" and last December made a sweeping alliance with AT & T, the U.S. telecommunications company, whose main aim was to match IBM. AT & T is taking 25 per cent of Olivetti. The Italian company is selling $250m worth a year of data processing equipment in the U.S. via AT & T; and AT & T is to assist Olivetti in PABXs and other telecommunications equipment for its electronic work stations.

IBM already has the lion's share of the Italian *mainframe* computer market and through the Itapac deal would stand to gain an increased share of the office automation market, which is Olivetti's strong home base. In fact, Olivetti's global sales last year were about the same as those of IBM Italy—around L3,000bn (£1.25bn) — though IBM supplies other markets from Italy. Olivetti is still, however, the biggest European-*owned* data processing manufacturer.

Olivetti believes that no company as powerful as IBM should be given such an advantage. It does not think that IBM would have any interest in developing Itapac unless it were able to impose its own technical standard on at least some levels of the interface. It feels that having achieved its agreement with AT & T, Italy should make the most of it, rather than dilute it with a link with another U.S. giant. If anyone is going to be given a privileged position in Italy, it ought to be Olivetti.

All these points, as well as supposed details of the IBM-STET discussions, have surfaced under different guises in recent weeks. It seems clear that Sig Michele Principe, managing director of STET and no particular friend of Sig De Benedetti, does see the attractions of pulling off a spectacular alliance with a U.S. giant, having recently brought his holding company back into profit.

But STET's managers are alive to the dangers of becoming too dependent on another partner in a joint venture, though they realise that STET, despite making investments of L4,000bn last year, does not have the financial resources to develop all the new products it needs. Its official position is that it is holding talks with several potential partners on different aspects of its operations, including ITT, the French company Cit-Alcatel and Japanese companies, and it may well be that a set of agreements with different partners in different *fields will eventually emerge.*

Even if a complex network of agreements between STET and IBM should be made along the lines suggested, it is unlikely to happen fast. IBM *may have* its own reservations about making such close agreements with state-controlled companies, subject to political pressures.

More important, as one observer put it: "When De Benedetti made the AT & T agreement he could have told Prime Minister Craxi two minutes before, or even two minutes after. But in this case the agreement would have to be approved by the board of STET, *then by its parent hold*ing company IRI, then by the Minister of State shareholdings and then by the Government. At any stage someone could step in and block it."

Yet Olivetti's arguments have not convinced everybody. The argument that Italy should seize the opportunity to have both AT & T and IBM competing ferociously on its soil can be heard on the lips of more than one Italian telecommunications expert.

At the back of many people's minds is the fear that despite the promised new set-up *for* the telecommunications utilities. Italy may still not prove capable of managing the telecommunications revolution through state companies. SIP believes in state monopoly of networks but deregulation of the equipment connected to them, but its history is of utility struggling to keep pace with demand, rather than of a commercial organisation busy trying to create it.

Without a strong commercial guiding hand, such as might be provided by IBM, SIP, it is argued, might miss its opportunity.

ITALY'S TELECOM AGENCIES

THE ITALIAN Ministry of Posts and Telecommunications has the legal responsibility to provide services, but only directly runs telegrams and telex services. It also runs an agency named ASST (Azienda di Stato per i Servizi Telefonici) which provides most trunk services in Italy and connections with Europe and the *rest of the* Mediterranean.

Other services are provided by companies in the STET group, a subsidiary of the state industrial holding IRI which comes under the Ministry of State Shareholdings. STET controls:—

- SIP (Societa Italiana per 'Eslercizio Telefonico) which handles all local calls and some trunk services. SIP is also the only concern which is actually in contact with telephone subscribers.
- Italcable, which handles international telephone and telex services other than those handled by ASST, ie, outside Europe and the Mediterranean.
- Italtel, which manufactures switching equipment, telephones, telematic equipment, etc. Called SIT Siemens until 1980, it was originally an off-*shoot of Siemens AG.*

STET also controls a number of other companies.

Men and Matters

Hall bows out of Hawker

Have you ever wondered why windows on aircraft curve at the corners? Or why aircraft makers submerge prototypes in pools of water and do their best to break them?

Both are ideas encouraged by Sir Arnold Hall when he headed the Royal Aircraft Establishment team at Farnborough that investigated the De Havilland Comet disasters in the '50s.

Sir Arnold is one of the few *academics to have scaled the* heights of British industry. At Cambridge he met and worked with an engineer sent to university by the Royal Air Force — Frank Whittle, who invented the jet engine. Hall then spent the war at the RAE, Farnborough.

After seven years as professor of aviation at London University and head of the department of aeronautics at Imperial College, he returned to Farnborough in 1951. Asked by the government how long the Comet investigation would take, he replied: "A very long time unless you allow me to spend a lot of money." He got the money and he got noticed in high places.

Hawker Siddeley snapped him up in 1955 and made him vice-chairman and managing director in 1963. He became *chairman in 1967 and* relinquished the managing director's chair in 1981 to a trio of divisional MDs — one of whom, Robert Bensly is now to become managing director of the whole group, while Sir Arnold becomes non-executive chairman.

Much to the frustration of the City, which roundly acclaims the strength of Hawker Siddeley's asset management, the group has come through the recession in relative comfort without spending its cash reserves upon a new major activity to add to its mechanical, electronic engineering, and Canadian division.

"Dad—it's a fringe candidate, *he says if you won't vote for* him can he interest you in double glazing"

Trading places

A salary of £216,742 last year has clearly not been enough to *keep Jack Wilson in his post* as managing director of the highly-successul Hungarian International Bank.

Together with Stathis Papoutes, head of loans and forfait trading at the London-based HIB, Wilson *is leaving* to set up a "new financial company."

Wilson was cagey yesterday about his plans. Why quit a job that last year paid him nearly double the salary of Barclays' chairman? "Perhaps to do something even more profitable," he vouchsafed.

That seems likely to be heavily involved in the forfait market, the trading of short-term trade paper, which the duo helped make a HIB specialty, lifting its profits *last* year to £8m—a 96 per cent return on capital.

The London-based bank — which is owned by the Hungarian National Bank in Budapest—is replacing its two lost stars with some homegrown talent. Tim Newling, aged 39, an executive director since 1978 and chiefly concerned with HIB's trading subsidiary, is to take over as managing director. Raphael Preteceille, a 37-year-old assistant director, is being promoted head of loans and forfaiting.

To maintain the Anglo-Hungarian balance on the HIB board, Newling will be joined there by *Ted Bradshaw,* who was the Bank of England's chief foreign exchange dealer until he moved eight years ago to run HIB's currency operations.

Sound idea

It remains to be seen whether the new appeal by Bernard Weatherill, Speaker of the House of Commons, for an end to rowdy scenes among members in the Chamber will have any effect.

But if members find they cannot rely upon mutual self-restraint there is a good chance that advanced technology may yet save the good name of the House.

The select committee on broadcasting is trying to find technological means of editing the broadcasting of the House so as to mute the extraneous sounds — often so reminiscent of the farmyard.

The committee has recruited two eminent electronics engineers to advise. They have already proposed using more directional microphones in the Chamber to pick up words of wisdom while losing some of the "noises off."

Now the experts are wonder*ing whether they can usefully* introduce into the Commons a technique called "anti-sound."

That is an innovation so new that it was only recently described before the Royal Society. It turns sound back upon itself electronically.

Roger ... and out

Roger Anderson's abrupt exit from the top job at Continental Illinois two years ahead of time marks the end of one of the best known teams running a major U.S. bank—a team which, until a couple of years ago, seemed unbeatable.

Anderson, aged 62, took over as chairman and chief executive in 1973, when his close friend John Perkins became president. Three years later, Don Miller was appointed vice-chairman. And for the next six years, the team presided over one of the *fastest* growing banks in the U.S. "The J. P. Morgan of the Mid-West," as it called itself.

Continental Illinois' image was shattered, however, by its $1bn involvement in the failed Penn Square Bank of Oklahoma City. Ever since, there have been demands that heads should roll. Some did. That of Anderson's heir-apparent, George Baker, among them.

But until the end of last year, it looked as if the top team would survive, albeit with their power a little more constrained. Then Perkins and Miller announced they planned to take early retirement.

Now Anderson has gone, his downfall caused apparently — though he denies it — by a recent messy public row over several former CI executives who are alleged to have had investments in a company borrowing money from the bank.

Anderson publicly attacked his former colleagues, accusing them of violating the bank's code of ethics.

The word on Chicago's La Salle Street is that this proved too much for some of CI's outside directors who, led by James F. Bere, chairman of Borg Warner, called for Anderson's resignation.

Observer

THE CHESTERFIELD BY-ELECTION

Benn: a lot of debts to be honoured

By Margaret van Hattem

TONY BENN appears to be heading for a comfortable majority in Chesterfield. If he gets it, he will have succeeded in what, for him, may have been an equally important task: he will have established that the Labour Party does not have to swing to the right in order to win back its old supporters.

To say, as he often does, that the British people are crying out for Socialist policies is quite another matter. But at least the opposite case, advanced by the Labour right in the wake of the party's 1983 general election disaster, will have been answered. For the disaffected Labour voter is well represented in Chesterfield and no-one in the country, let alone this town, could be in much doubt as to where in the Labour spectrum Mr Benn stands.

Nevertheless, over the last three weeks, most of the initially undecided appear to have gone for Mr Benn. And, if his left-wing views were not a major factor—the good campaign run by Labour may have had more to do with it—at least his views did not deter them.

Three weeks ago, each of the main parties looked capable of winning. Early polls gave Mr Benn a clear lead. But with "don't knows" estimated at an unusually high 40 per cent, this still meant he had the support of barely one quarter of the electorate: and many of the declared Labour voters indicated that they might yet change their minds.

Had an initial Liberal versus Tory contest produced a clear victor capable of mobilising the tactical vote and picking up most of the uncommitted electors, Mr Benn's political career might by now be over. *Instead, we have seen a steady* growth in Labour's support. By last weekend, "don't knows" were estimated at less than 15 per cent, and Mr Benn appeared to be within sight of *an outright majority.*

Many things were going Mr Benn's way in this by-election, including a national swing to Labour, the row over trade union membership at GCHQ, and the weakness of the other two major campaigns. That being said, it must be added that this time Labour has run an exceptionally good campaign, but it has not been without its strains and difficulties.

At times, one could have been forgiven for thinking there were four different Labour campaigns running — Mr Benn's, Mr Kinnock's, that run by the party's Walworth Road headquarters, and that run by the Chesterfield Labour Party—with very little co-ordination.

There have been potential embarrassments — like the appearance in Chesterfield of Mr Peter Tatchell, or the attendance at Mr Benn's meetings of sellers of Militant newspaper, or Mr Benn's rather wild attack on Mr Vincent Hanna, a BBC reporter, or his claim that Mrs Thatcher's attendance at President Andropov's funeral *reflected her recognition of the* role of the Greenham Common women. But all of these have been smoothly defused.

On the question of Mr Benn's difficult relations with senior members of the shadow Cabinet, the party has gone for an image of reconciliation without straining credulity. Possibly the best performance came from Mr Denis Healey at a packed public meeting earlier this week. "I have been a close friend of Eric Varley for years," he said solemnly. There was an anxious pause. "But Tony Benn and I have been *inseparable*. I begin to think that Tony without Denis is like Torville without Dean." It brought the house down, as it was intended to, the point being that if they can all joke about it, things cannot be too bad.

Others, like Mr Kinnock, Gerald Kaufman and Roy Hattersley, have made it clear that they have not seen eye-to-eye with Mr Benn in the past and are unlikely to start now. But they *turned* up, as *indeed did* most of the shadow Cabinet and about half the parliamentary Labour Party, to wave the flag.

"Our aim," one of the campaign organisers admitted at the start, "is to get people saying 'he's much nicer when you meet him than you'd expect.'" In this, too, Labour seemed to have made progress. Mr Benn has shrewdly avoided newspaper and magazine reporters as much as possible. He has co-operated with television and photographers, arranging a photo-call virtually every day, usually outside a factory or some other scene of Chesterfield's industrial decline.

But he has limited his comments to carefully-prepared statements and has rarely had time in his rushed—and largely secret—schedule for more than a few questions at a time. He has concentrated on meetings in intimate groups—parents collecting their children from school, nurses, miners, teachers, pensioners—from which the Press were generally excluded.

The evening meetings have been highly successful—always with innumerable people turned away and hundreds prepared to form large overflow meetings which he would address on his way in. This may owe something to the fact that most of *the meetings have been held in* halls with room for 200 or less. The effect has been to suggest that Labour has more support than it can handle.

The sense of being present at an *Historical Event is heavily* emphasised: Mr Benn constantly sets his campaign in the context of the Tolpuddle Martyrs, the Levellers, the Chartists, the suffragettes — usually winding up by telling his audience that people all over the country envy them their chance to "change the course of history."

The mood on the doorsteps is, of course, different. Many people who claim to have always voted Labour have been saying they will under no circumstances vote for Mr Benn because he is a dangerous left-wing extremist. But this does not seem to be making significant impact on the polls.

Mr Max Payne, the Liberal candidate, set out with high hopes. But, although some of the party's most skilled professional organisers have been *involved in his campaign, it* has lacked dynamism. This may be due partly to a lack of commitment at the very top. Although both leaders of the Alliance parties have visited Chesterfield, *they have not succeeded in* quashing speculation that they do not particularly wish to win this by-election.

Mr Payne himself started out with little more than enthusiasm. He showed scant grasp of strategy or tactics beyond a vague plan "to go in blazing on all fronts," and, although he dutifully recited Liberal policies, and could even list them in order of importance, his main impetus appeared to be a desire to beat Mr Benn.

Liberal campaign organisers hoped to establish an early lead over the Tories with the aim of setting a pattern similar to that in Bermondsey where, in the last few days, the anti-Labour vote coalesced to produce a decisive Liberal win. They calculated that, if the anti-Benn sentiment was strong enough, Mr Payne would not need to do much more than sit tight and not make mistakes. In this they may have been right. But the anti-Benn sentiment was not strong enough. And the Tory vote appears to have held up far better than they expected.

The Tories have run a curiously low-key campaign. They do not appear to have *taken very seriously the* possibility of winning on a tactical vote, and seem to have concentrated on holding on to as much as possible of their general election support. Members of the Cabinet have appeared and made ritual noises, but with little real effort to embarrass Labour. Mr Nicholas Bourne, the candidate, has dealt competently with the business of campaigning and the media, though, in fairness, it must be added, that he was under less pressure than either of the other main candidates.

Conservative and Alliance party leaders may have calculated that to have Mr Benn back at Westminster sowing dissent on the Labour backbenches was worth losing a by-election. They might be right. *But, like Persephone, who ate* six pomegranate seeds and spent the rest of eternity paying for them, Mr Benn has accepted a great deal from his party—at all levels—during the past three weeks.

He seemed to acknowledge this, when, earlier this week, he was asked by a member of the audience whose voice showed unmistakably local origins whether, in view of his past disruptive activities, he could justify his return to Parliament. In reply, Mr Benn leant heavily on his party's support, naming all the senior party members and referring to the thousands of activists who have come to Chesterfield to support him. It was an impressive list. But it carries obligations.

Ashley Ashwood

Benn: the party has gone for an image of reconciliation without straining credulity.

Economic Jargon

The mixed metaphors that miss the target

By Alan Budd

WE ARE often reminded that economists are destroying the British economy, but we should also be aware of the harm that they are doing to the English language. This may be a special fault of economists, or perhaps they simply form a conspicuous group among all those busy academics, experts and other commentators, who are engaged in the task of destruction.

Not all economists are bad writers; an honourable exception may be read in this newspaper at least once a week. *But other economists produce* a display of clichés, mixed metaphors, floating participles and other solecisms that provide endless examples of how not to write. Recent examples, in otherwise admirable books, include "no shock scenario" . . . "a flashpoint emerged" . . . "openness rose gradually" . . . "a hands-on posture in the international field" . . . . Even if the authors cannot see what is wrong, what have the publishers' editors been doing?

This is not an essay on writing plain English (I plead guilty to all the crimes I have listed) but a cry for help. Economists are having trouble with their targets. It is not the problem of controlling the economy (though it is related to it) but of controlling metaphors. The problem became acute when the Government introduced the Medium-Term Financial Strategy. That strategy, excellent as it was, announced targets for the money supply. That was not the first time it had happened. Mr Denis Healey had first announced them in 1976. But once targets have been announced we have to know what the government is going to do with them.

In writing about the subsequent history of the Medium-Term Financial Strategy we have wondered whether the targets would be "achieved," whether they would be "relaxed," or "extended" or "exceeded" or "over-run" or "reached" (or attained if we felt very literary). A moment's *consideration* would *tell us* that none of those verbs is correct if we are to use the metaphor of "a shield-like structure, marked with concentric circles, set up to be aimed at in shooting practice" (OED) consistently.

What can be done? We could stop worrying about it and accept the usual pragmatic justification that people know what we mean. The metaphorical use of target as something to be aimed at is widely accepted, and the awkward expressions associated with it in relation to economic policy will soon find their way into the dictionary. Or we could keep the word "target" but try to use the associated verbs correctly. Finally we could replace "target" by words such as "limits" or "objective" which are easier to handle.

The first possibility, to carry on as we are, seems too defeatist. Protean though the English language is, we should distinguish between flexibility

How can we require a missile to hit itself ?

and flabbiness. The second possibility seems particularly awkward. What can one do with targets other than hit (or miss) *them? Hitting them is a rather* modest achievement (reaching them is even more modest). We would need to know whether they have been hit somewhere near the centre; but that would produce clumsy sentences. It would be very difficult to find the right verbs and the reason for this is that it was a mistake to introduce the use of the word target in relation to the money supply (or the exchange rate) in the first place.

It is fine to describe Mrs Thatcher or Mr Lawson as targets since some people (or so I am told) would like to throw things — or just insults — at them. We can readily use the word "target" to describe something that people want to hit. But consider the following sentence which will no doubt *appear in newspapers on* March 14: "The Government has set targets for Mo." If this is a correct use of the metaphor there must be an equivalent sentence using "target" in its literal sense which would show what the word means in this context. I do not think it can be done.

We could try the following example: "The Government has set targets for its Cruise *Missiles." It is more likely to* say, incidentally, that it has "chosen" targets. However, the important point is that the targets — wherever they may be — are places, not missiles. Yet the "targets" for the money supply seem to be the money supply itself. That is where the trouble begins. Is money like a missile or is it like an enemy site? It seems to be both; but how can we require *a missile to hit itself?*

The solution must be to drop the word target and to replace it by other expressions. I hope that this was one of the topics covered in the Treasury's *review of monetary policy and* that announcements will be made (and targets set?) in the Budget speech.

Meanwhile, if it is too late to do anything about targets, is *it possible to stop the spread* of the verb "to target?" Mr Tebbit has been reported as saying that regional policy "will be more effectively targeted." To repeat my earlier question, is regional policy a missile or is it the place on which we want the missile to land? Or is this simply a case of dreadful English which sounds impressive but which means nothing?

To my great shame I am recorded as the director of an ESRC project called "Monetary and exchange rate targeting." My feeling that the official letter had spelt it wrongly (it had) brought me, by delightful serendipity, the knowledge that target originally meant a light round shield and that "targeted" means "furnished with a shield." May we all be targeted against the further decline of the English language.

Alan Budd is Director of the Centre for Economic Forecasting at The London Business School.

Letters to the Editor

More figures for the Budget

From Mr P. Brown

Sir,—Following David Simpson's plea (February 24) for a higher tax on cigarettes in the forthcoming Budget, let's throw some more figures into the pot —one of the few untaxed vices!

We monitor shop prices every four months to assess actual cost of living increases for family expenditure *patterns* from £7,000-£50,000. Over the last ten years while cigarettes has risen 383 per cent, a bottle of whisky has only gone up 274 per cent — productivity, competition and different Excise taxes?

Both however are dwarfed by their antidotes as a 125 gram pack of tea has risen 428 per cent and a bottle of 100 aspirins 642 per cent.

For comparison purposes a four-bedroom detached house has risen 284 per cent and a cinema seat by 448 per cent, one probable factor behind the fall in cinema audiences.

Peter M. Brown,
Reward Regional Surveys,
1 Mill Street, Stone, Staffs.

Building societies

From Mr J. Bingham

Sir,—There has been great outcry at the announcement that building societies gilt-edged trading profits will henceforth be subject to corporation tax but little, if any, publicity has appeared in the media of the case for the action by the Inland Revenue.

I have always been under the impression that an individual who made large and regular capital profits from stock exchange dealing rightly ran the risk of being regarded as a "trader" and of having those profits assessed as income and taxed at income tax rates.

Have not building societies been running the same risk for years? Should they not be grateful that they have got away with a low rate of tax for so long?

Your Lex Column of February 25 puts its finger on the nub of the situation when it mentions the desirability now of "wholesale reform of the tax privileges of the savings institutions."

J. P. Bingham.
The Coach House,
Gayton Farm Road,
Heswall,
Wirral,
Merseyside.

Air traffic priorities

From the Airport Director, Heathrow

Sir,—Mr Sutherland (February 22) has somewhat misstated the position at Heathrow airport with regard to air traffic priorities.

British Airports Authority certainly welcomes growth, but scheduled flights and non-scheduled specialised services want to operate during the same peak hours. Priority is therefore given to the scheduled carriers, who serve the largest number of passengers. Non-scheduled services are only accepted on a fill-up basis as they mainly involve light aircraft carrying very few passengers. Outside peak hours we expect that there will always be spare runway capacity and all are welcome.

D. M. G. King.
D'Albiac House,
Heathrow Airport,
Hounslow, Middlesex.

Engineering training

From the Director—Personnel and Europe, The Plessey Company

Sir, — I am responding on behalf of the 13 "prominent employers" referred to in your letters column, and in a recent news report about the Engineering Industry Training Board.

Our views on engineering training in the 1980s and beyond and those of the EITB cannot be reconciled. An industrial training board is incapable of being the right, or the most cost-effective, way to achieve what is needed.

As companies, we are all spear-heading different new technologies, in different applications, and at different rates, and training for them because they are our life-blood. These matters are impossible for a training board to track in detail, or influence at speed.

Though the EITB has made a useful contribution, we now get nothing like value for money from the £9m per annum it costs the industry in compulsory non-returnable levy, of which the 13 companies pay nearly £3m.

We conclude that the City and Guilds of London Institute, the Engineering Council, the Business and Technician Education Council, and the Manpower Services Commission are between them better fitted to ensure the right standards and quantity of engineering training.

The EITB taxes and polices the employers of less than half of the nation's stock of engineering skills, forcing them to train for the engineering needs of the rest, many of whom neglect engineering training entirely.

Because the board's scope is *confined to the engineering industry* alone, it cannot prevent all sectors being held back by shortages of vital engineering skills.

Our proposals are about what to put in place of the EITB, in order to maintain and improve Britain's engineering and electronic training — to do it much more cost-effectively, to contribute to British economic performance, and to avoid dangerous national shortages of technological skills.

It is wrong to present the current dissatisfaction with EITB as a new phenomenon. It has been present and growing for a long time. But today the pressures of technology and the market have brought those dissatisfactions to what the EEF correctly calls a "crisis."

T. G. P. Rogers.
Millbank Tower, SW1.

Effects of the Rates Bill

From Mr T. Travers

Sir,—Peter Lilley's bizarre attack (February 27) on Robin Pauley's articles on the Rates Bill was quite unwarranted. It criticised Mr Pauley for claiming that the Rates Bill will cost the Treasury money. Mr Lilley went on to claim that, in fact, less would be spent.

Robin Pauley will be much closer to the truth. Setting expenditure limits for 15 or 20 of the authorities which the Government deems to be spending excessively will require additional planned expenditure. This is because, for the sake of realism, spending limits will have to be set quite close to authorities' existing expenditure. The present spending targets (used in grant calculations) are often very much below existing spending levels. Thus, the planned level of local authority current spending will have to be increased by the difference between existing targets and the new, "realistic" ones.

If rate limitation is as successful as Peter Lilley suggests, the local authorities concerned will find their grant income rising as existing penalties fall away. This could cost the Treasury tens if not hundreds of millions of pounds and would add £-for-£ to public borrowing.

Mr Lilley omitted to mention that the Government has promised to make the grant system less severe on lower spending councils from 1985-86 onwards. As there are a large number of these, any relaxation of their targets will significantly increase overall spending. This will obscure any effect the Rates Bill might have.

The Government now spends hundreds of thousands of pounds each year on computer time to calculate the rate support grant. Yet not a single exemplification of how rate limitation will operate has been published. It really will not do to criticise Robin Pauley or anyone else outside the Department of the Environment for trying to calculate the effects of the Rates Bill. If the Government is so confident about the proposed legislation, surely it is about time that it published the details of expected spending and rates reductions rather than criticising others for attempting to do so.

Tony Travers,
7 Furnival Mansions,
Wells Street, W1.

Elections in Nicaragua

From Mr T. Evans

Sir,—Your leader "Elections in Nicaragua" (February 23) begins by talking about the lack of elections since the overthrow of the Somoza dictatorship in 1979, and then refers to "Promises never implemented." This gives the mistaken impression that the Sandinista Government has in the past made commitments to hold elections and then broken them.

In fact, the Government announced in 1980, on the first anniversary of the overthrow, that it planned to publish proposals for an electoral system in 1984 and then hold elections in 1985.

For the past two years the Government has sought widespread international advice in formulating its proposals. These were published in January. Now, in setting the date of the elections for November this year, the Government has actually brought forward its original plan.

Tomas Borge, the Minister of the Interior, was reported *earlier this week as saying that* elections should perhaps have been held sooner. It is however certainly wrong to suggest that promises were never implemented.

Trevor Evans,
The Open University,
Walton Hall, Milton Keynes.

Conveyancing charges

From Mr J. Beeston

Sir,—In your article on solicitors' conveyancing costs (February 18) you stated that solicitors charges: "Are at present about 1 per cent of the house purchase price or £300 on a £30,000 house, could drop by a third."

In this area conveyancing charges vary from a minimum of ½ per cent to a maximum of ¾ per cent or from £150 to £225 on a £30,000 house.

Where, therefore, is the reduction of one-third which Government Ministers are talking about? This would seem to be yet another example of politicians misleading the general public.

J. C. M. Beeston.
53, The Green,
Banbury,
Oxon.

FINANCIAL TIMES

Wednesday February 29 1984

BAGHDAD REPEATS KHARG ISLAND THREAT

Iraq launches 'counter-offensive'

BY OUR MIDDLE EAST STAFF IN LONDON AND PAUL BETTS AND DAVID HOUSEGO IN PARIS

IRAQ said yesterday that it had launched a major counter offensive against Iranian forces which had infiltrated the southern marshlands near the port of Basra.

A military spokesman in Baghdad said: "Iraqi commando forces supported by helicopter gunships continued mopping-up operations and large numbers of Iranian troops hiding in the marshes have surrendered."

Mr Latif Nassif al-Jassem, Iraq's Information Minister, claimed yesterday that more than 30,000 Iranians had been killed during the fighting in and around the marshes.

He also repeated Monday's threat to destroy any ship approaching Kharg Island, Iran's main oil export terminal in the Gulf.

Mr Taha Yassine Ramadan, the Iraqi Deputy Prime Minister, said in Paris yesterday that Monday's raid on oil tanker berths at the Kharg Island terminal was "not just a tactical warning" but a "very clear warning" that Iraq intends to attack all tankers approaching the terminal.

Mr Ramadan did not give precise details of Monday's raid, except to claim that several tankers had been hit. He claimed that no port or terminal installations had been struck, but would not disclose whether French Exocet missiles had been used in the attack.

In a news conference at the end of the first day of his Paris visit, Mr Ramadan acknowledged Iranian forces had made small advances in the non-strategic swamplands. He also claimed four Iranian divisions had been destroyed in the swamps.

U.S. officials in Washington, however, said yesterday that they had no evidence of serious damage to Kharg caused by Monday's alleged raid.

Some reports said that loading at the terminal continued on Monday and yesterday, and vessels were proceeding normally up the Gulf, although two Japanese tankers had anchored to await clarification of the situation.

There were reports in Tokyo yesterday that an Iranian tanker carrying oil products had been hit by Iraqi aircraft as it steamed towards Bandar Khomeini at the head of the Gulf.

The Pentagon said, meanwhile, that a U.S. destroyer had fired warning flares and machine gun bursts against an Iranian patrol plane and frigate in the Strait of Hormuz and a small surface vessel in the Gulf of Oman.

The incident happened on Sunday when the aircraft and vessels approached the U.S. ship.

The Soviet Union yesterday notified customers of a 50 cent per barrel rise to $29.00 (cif) in the price for its Ural Blend crude.

The increase restores it to the level from which it was cut early in December, following a reduction a month earlier. It was not immediatel clear whether the latest adjustment was caused by any threat to oil supplies from the Gulf.

Urals Blend is comparable in quality to Arabian Light, the reference of the Organisation of Petroleum Exporting Countries, which has an official selling price of $29.

Egypt, is raising the price for its heavier grades of crude by 25 cents per barrel next month, but its principal Suez Blend will remain at $28.

Prices of heavier oil varieties have been holding up well because of demand for residual fuel and the gasoline obtainable from cracking facilities.

France agreed yesterday to advance Iraq a further $500m-$600m in a second additional rescheduling of its debts in 12 months.

The agreement emerged during talks in Paris between Mr Ramadan and senior French government officials including Mr Pierre Mauroy, the Prime Minister; M Jacques Delors, the Finance Minister; and Mr Charles Hernu, the Defence Minister.

The French Government believes additional support was necessary to prevent Iraq from becoming financially "strangled," in the words of a French government official. France is Iraq's second largest supplier of military equipment after the Soviet Union.

The latest loan comes in the wake of almost $1bn in French credits last year to help Iraq face payments on French civil contracts. At the same time, France accepted substantial quantities of Iraqi crude totalling 80,000 barrels a day in part settlement of outstanding debts on French arms sales.

M Delors on Monday night estimated France's financial risks in Iraq totalled between $2bn and $3bn. France's risks in Iran were slightly less, he said.

AT&T set to invest $200m in Spain

By David White in Madrid

AMERICAN Telephone & Telegraph (AT&T) will invest about $200m to set up a semiconductor manufacturing base in Spain if current negotiations with the Socialist Government in Madrid are successful.

Industry officials said they expected an agreement within "the next few weeks." They added that negotiations on a joint venture with the semi-private Spanish telecommunications authority Compañia Telefónica Nacional de España were advanced.

The project would initially involve producing integrated circuits, principally for export, but might be extended to other activities.

The Spanish plan forms part of the other negotiations the U.S. company has been having in Europe and follows the rejection earlier this month of an AT&T bid to take over Inmos, the UK microchip manufacturer.

The proposed plant would give AT&T a base for semiconductor production in the EEC from 1986, if Spain succeeds in the next few months in concluding negotiations for entering the European Community at that date.

The project falls within the framework of a national electronic and data processing plan recently approved by the Spanish Government. The plan involves direct state support of Pta 80bn ($530m) in the next three years, and lays emphasis on boosting exports.

AT&T's technologies group has been negotiating directly with the Spanish Industry Ministry, which has also discussed the venture with two other U.S. producers, National Semiconductor and Motorola.

Officials said the AT&T scheme corresponded with the size of venture the Government was seeking, but that the two sides had still to agree on the proportion of production destined for export. The Government is seeking a 90 per cent export commitment, against the U.S. group's slightly lower figure.

The project would be the biggest foreign investment in Spain since the Socialists came to power in late 1982, and would be AT&T's first major move into the country.

Telefónica, its would-be partner, has close historical links with ITT, of the U.S.

Ministry officials said talks were going on with foreign companies in almost all areas of the plan for the electronics sector, including negotiations with several Japanese companies on video equipment projects.

Sony, Sharp, Sanyo, Hitachi and JVC have been involved in recent discussions.

French electronics company seeks to expand U.S. activities

BY DAVID MARSH IN PARIS

COMPAGNIE Générale d'Electricité, the French state-owned electronics and engineering conglomerate, has launched an important bid to expand its activities on the U.S. market, while at the same time pursuing negotiations on alliances with European communications companies.

M Georges Pebereau, director general of CGE and chairman of its telecommunications subsidiary CIT Alcatel, yesterday termed as "complementary" the group's dual strategy of attacking the U.S. and European markets, saying that to reject either option would be ruinous.

He announced that CGE, easily the most profitable of the big industrial groups taken into state ownership in 1982, made net profits last year roughly equal to the FFr 638m ($79.5m) earned in 1982.

Turnover dipped to FFr 62.5bn from FFr 65.8bn in 1982, the drop caused by a series of far-reaching shakeups in the group during the year. The most important was the setting up of a joint company with Thomson, another state-owned electronics concern, to manage the two telecommunications businesses. The turnover of this new company will enter into CGE accounts only from 1984.

Allowing for changes in structure – which also included the sale last summer of part of CGE's majority stake in the Société Générale d'Entreprises construction group – CGE's turnover rose 13.8 per cent last year, representing a volume rise of 4 per cent. About 40 per cent of the group's activities are outside France.

CGE is predicting an increase in turnover to between FFr 75bn and FFr 80bn for this year, up 25 per cent from 1983 or about 10 to 11 per cent, making allowance for changes in structure, M Pebereau said.

Launching a fervent plea for more efforts to open up European telecommunications markets, M Pebereau nevertheless made clear that his group had its sights set on the U.S.

All the negotiations CGE has been holding on European collaboration – where the group has been making contacts with companies and governments in Britain, Germany, the Netherlands, Italy, Spain, Portugal, Greece and Czechoslovakia – were taking place also with an eye on building groupings to attack the American market.

M Pebereau, who is the favourite to take over as CGE's chairman when M Jean-Pierre Brunet reaches the retirement age of 65 next January, said the group's orders in the U.S. of about FFr 2.5bn were "insufficient." He aimed to multiply the figure by 2½ in the next three years.

Among areas for expansion were public telephone exchanges – where CIT Alcatel has three exchanges operating in the U.S. and nine on order; telephone transmission networks, where the group has just won an initial U.S. order; optical fibres; and private telephone exchanges.

CGE, however, could not hope to compete with the much larger AT&T and IBM in all markets, M Pebereau said. It was instead pursuing a collection of specific European alliances to take on the U.S. giants in selected areas.

Capper Neill calls in receiver

BY RAY MAUGHAN IN LONDON

CAPPER NEILL, the UK contracting and pipework group, was yesterday asked by its banks to appoint a receiver.

The receivership comes five months after Capper's shareholders sanctioned a £27m ($39.7m) refinancing scheme put together by the banks, National Westminster and Midland, and Consolidated Contractors (CCC), an Arab-owned civil engineering group based in Athens.

CCC took a controlling interest in Capper while the banks extended repayment of the group's loans, converted a substantial proportion of its overdrafts to preference capital and took an option to acquire a 10 per cent stake in Capper's ordinary capital.

That refinancing eventually failed, Capper said yesterday, because further provisions were required against contracts in progress and payments were overdue from important customers in the Sudan and Libya.

CCC and the banks have been discussing the possibility of a further capital injection since the end of 1983 and the talks have been almost continuous for the past 10 days. CCC offered to add to its existing £6m commitment by injecting another £2m in cash and offering to guarantee a fresh £4m facility from the banks.

After appraising Capper's accounting methods and contract claims, CCC believed it had anticipated all future losses and that those would be covered by the new financing plan.

National Westminster, which has been involved with Capper for more than 40 years, and Midland, which put up an unsecured facility of £7m three years ago, said yesterday that they had "moved heaven and earth" to agree an acceptable plan. But their estimate of Capper's losses and provision this year show that the group's remaining capital base would be made up almost entirely of the banks' £15m preference shares.

Cork Gully, a leading firm of insolvency specialists, sent staff to Capper's headquarters at Mold, Clwyd. It is hoped the Capper, which employs over 1,000 people in the UK and a further 1,500 staff on civil engineering sites throughout the world, can be run as a going concern for the time being.

See Lex

Hanson wins London Brick battle

BY RAY MAUGHAN IN LONDON

HANSON TRUST yesterday announced that it had won its battle for control of London Brick following acceptance by holders of 58.6 per cent of the shares of its offer, which valued the company at £247m ($363m).

London Brick, which holds the monopoly of fletton, or common housebuilding brick production in the UK, formally conceded defeat in mid-afternoon but is unlikely to hold a board meeting or to advise shareholders to accept Hanson's terms for another few days.

Hanson had lost a small battle before the Takeover Panel in the morning when it failed to show that Lazard Brothers, acting for London Brick, had created a false market in its client's shares by making heavy share purchases at the end of last week.

Lord Hanson, chairman of Hanson Trust, said that having been "quietly confident" throughout a bitterly fought, 60-day bid campaign, he was only "quietly pleased"

For the first time in an active takeover career, Hanson Trust was forced to amend its offer twice.

See Lex

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	12	54	Dubrovnik	C	11	52	Malaga	-	—	—	Salzburg	S	7	45
[illegible]	S	19	64	Faro	S	13	55	Malta	F	19	66	Seoul	C	0	32
Algiers	S	20	68	Florence	S	11	52	Manila	C	33	91	Singapore	C	31	88
Amsterdam	C	2	36	Frankfurt	C	2	36	Miami	C	27	81	Stockholm	C	-1	30
Athens	S	17	63	Funchal	R	14	57	Milan	C	6	43	Strasbourg	C	2	36
Bahrain	S	22	72	Geneva	C	2	36	Moscow	S	-7	19	Sydney	R	28	82
Bangkok	C	33	91	Gibraltar	F	14	57	Munich	S	4	39	Taipei	R	14	57
Barcelona	F	12	54	Guernsey	C	4	39	Nairobi	-	—	—	Tangier	C	12	54
Beirut	C	19	66	Helsinki	Sn	-4	25	Naples	C	11	52	Tehran	-	—	—
Belgrade	C	5	41	H. Kong	C	14	57	New Delhi	C	25	77	Tel Aviv	S	20	68
Berlin	F	6	43	Innsbruck	S	3	37	New York	R	4	39	Tenerife	C	16	61
Biarritz	S	7	45	Inverness	S	7	45	Nice	S	13	55	Tokyo	C	7	45
Blackpool	C	4	39	Istanbul	F	9	48	Oporto	S	10	50	Toronto	Sn	-1	30
Bordeaux	S	6	45	Jersey	C	5	41	Oslo	S	10	50	Tunis	F	21	70
Brussels	C	21	70	Jo'burg	C	28	82	Paris	C	3	37	Valencia	R	9	48
Budapest	C	3	37	Las Palmas	C	18	64	Prague	F	1	34	Venice	F	8	46
B. Aires	C	26	79	Lima	C	26	79	Reykjavik	S	-3	27	Vienna	C	3	37
Cairo	C	20	68	Lisbon	S	11	52	Rio de J'o	C	39	102	Warsaw	C	1	34
Cape Town	-	—	—	Locarno	F	5	41	Rome	C	12	54	Zurich	F	2	36
Caracas	-	—	—	London	D	4	39								
Casablanca	F	15	59	Los Angeles	C	27	81								
Copenhagen	C	0	32	Luxembourg	C	0	32								
Corfu	C	14	57	Madrid	Sl	1	34								
Dublin	F	6	43	Majorca	C	13	55								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

CAP reform proposal

Continued from Page 1

Furthermore, the European Commission is certain to be concerned that the proposals will fuel the production of surpluses and add to product support costs.

The plan also faces considerable reservations from the British for inequitably aiding weaker currency countries such as France and Italy at the expense of those with stronger currencies, such as the UK and the Netherlands.

The British, who first costed the scheme at Ecu 700m, are also certain to insist that any solution to the MCA problem takes into account that sterling is a free-floating currency vunerable to wide fluctuations.

The aim of the three-phased proposal is to produce to parity the 10 per cent positive MCA or border subsidy enjoyed by West German farmers while maintaining their income at current levels. The first step would be in effect, to revalue the green Ecu in which prices for farm products are paid by 3 per cent. This would make room for a similar price rise for countries with negative MCAs or border taxes as product prices in domestic currencies would rise.

End of a banker's risk-free fantasy

By Mary Ann Sieghart in London

MAKING MONEY at no risk is the fantasy of all bankers and, to a certain extent, it can be achieved through arbitrage. But the pickings there are hardly ever greater than ¼ point, so imagine the delight at Morgan Guaranty when it discovered a way of making a totally risk-free 0.7 per cent profit with no balance sheet problems.

The arbitrage opportunity arose through Swiss investors' traditional preference for bonds from well-known U.S. corporate names. This reached such a fever pitch in the Euro D-Mark market last month that investors were prepared to buy a bond paying just 7⅛ per cent for 10 years from R. J. Reynolds at a time when comparable West German government securities were yielding around 8.4 per cent.

Morgan Guaranty noticed that not only could an issuer make an immediate profit by buying government bonds and using them to service the interest payments on its own issue; it could also use a process called defeasance to take the whole transaction off its balance sheet.

Defeasance is a process generally used by borrowers to retire existing, expensive debt early. They buy U.S. Treasury bonds yielding the same amount and put them into a special trust to cover the interest and principal repayments on the original issue. Once that trust has been set up, the debt can be taken off the balance sheet.

Morgan Guaranty's idea of instantaneous defeasance was used for three D-Mark issues: Pepsico, Baxter Travenol and Sterling Drug. With Pepsico, for example, the borrower's all-in cost was about 7.7 per cent, taking into account commissions to managers. Government bonds were then yielding around 8.4 per cent.

So Pepsico made a 0.7 per cent gross profit, which comes to a hefty DM 1.75m on its DM 250m deal. Because U.S. issuers receive tax relief on interest payments, most of the interest earned on the government bonds was effectively free from tax.

All this seemed too good to last. Most people thought that defeasance would die when spreads started to narrow. This would sooner or later be inevitable – either because bulk buying of government bonds would bring their yields down or because U.S. corporations would lose their scarcity value and have to start paying higher coupons.

In fact its demise came even more quickly. The Financial Accounting Standards Board (FASB) in the U.S. has issued a draft bulletin suggesting that this sort of defeasance is not acceptable for two reasons.

First, the defeasance rule was intended to apply to old debt, not to instantaneous defeasance. Second, because the West German Government is allowed to pre-pay its bonds, they are not considered to be suitable instruments for the trust fund.

The idea is that the Government is most likely to repay its bonds early if rates fall and it can refinance at more favourable terms. If this happens, the original borrower might find it difficult to invest in other high-yielding assets with which to cover his interest payments.

The bulletin is still only in draft form and has been sent to corporations, banks and lawyers for comment. But the likelihood is that it will be approved by the board in March and will then apply retroactively to the three issues that have already been done.

If this is the case, the companies may still be able to reap profits from the difference in yield, but will have to show both the asset (government bonds) and the liability (the D-Mark bond issue) on their balance sheets.

Meanwhile, any hopes that the same practice could be used between Eurodollar bonds and U.S. Treasuries will also be dashed.

As Mr Bob Wilkins, project manager at the FASB, says: "Effectively this should close the door on all instantaneous defeasance transactions in the future."

France may increase borrowing, Page 2; international capital markets, Page 38

THE LEX COLUMN

Changing the rules for injury time

By a sad irony, yesterday's announcement that Capper Neill was being placed in receivership coincided with the publication of a government legislative paper on insolvency law. No legislation would have protected Capper from the devastation suffered by the whole UK process plant industry during the past three years. But there must be a fighting chance that, if the moral of the paper had been anticipated by Capper, the company would have emerged from recession – like John Brown – weakened but viable.

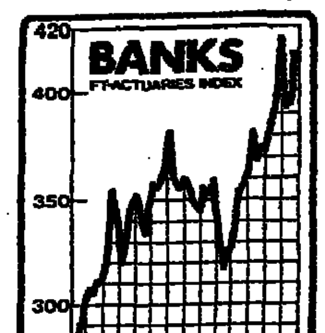
The document recommends, inter alia, stricter penalties for directors and others whose actions have damaged the interests of creditors. In particular, the paper accepts the Cork Report's concept of wrongful trading, applicable when a director knew or should have known that there was no prospect of the company's being able to satisfy its liabilities.

Capper almost certainly never engaged in wrongful trading so defined. But it is worth recalling that, in its 1983 accounts, Capper made an extraordinary charge of £16.4m after "a re-assessment of the realisable profit on certain contracts." That charge exceeded the net profits of the group for the four previous years. At the very least, an earlier revision of the group's accounting policies would have inhibited the dangerous and heady growth of the late 1970s.

Last September's £27m capital reconstruction seemed on the face of it enough to tide Capper over. But, in retrospect, the sums were clearly done on a wildly optimistic basis. The assumed break-even level of the contracting business proved much too modest and group losses for the year to March, estimated only a few months ago at £3½m, yesterday looked set to exceed £11m. And that was after the waiving of interest on £21m of debt.

Even assuming that the banks had fallen in with the latest reconstruction scheme formulated by Capper's new majority shareholder, net assets in March 1985 would have been only about £16m – all but £1m of which would have been represented by preference capital – and debt would have totalled £13m. Even this arithmetic assumes that £10m on disputed contracts would have been received by the company.

The banks themselves may have displayed gullibility in this affair. Midland, for example, extended Capper a £7m unsecured facility as recently as 1981. But they can hardly be blamed for yesterday's action. The seeds of Capper's destruction were laid within the company itself.



Hanson/London Brick

Hanson's victory in the battle for London Brick has not merely added to the list of takeover coups; this time success has conferred the incidental trophy of election to the FT 30-share index.

Although the acceptance yesterday was less than overwhelming, the shares under Hanson control yesterday consisting about equally of acceptances and earlier outright purchases in the market – the bidder's tactics of shaking out the arbitrage positions and building a 30 per cent platform seem to have been vindicated.

This is perhaps more than can quite be said of the ruse whereby Lazard, the defending merchant bank, had sent in Rowe & Pitman to mount a late-night raise on Brick's shares last Friday – a deft suggestion that some mining houses connected with R&P might be about to bid against Hanson. Cleared by the Panel, this still looks more in keeping with the letter than the spirit of the Code. The custodial claims of institutional shareholders, after the acceptance of this fairly modest offer, are more questionable than ever.

Grindlays

The ownership structure of Grindlays Bank may look a bit neater after last August's reorganisation, but the blots and splotches all over its earnings copybook are still rendering its parent Grindlay Holdings' results (restated for the reorganisation) as untidy as ever.

Thus an improvement in 1983's pre-tax profits from £6.5m to £10.8m has to be discerned behind some £76m of disposal profits inexplicably taken above the line for 1982 – and has then to be adjusted for a £16.7m reduction in provisions of one kind or another, also incorporated in the pre-tax figure. It all leaves, anyway, two blots looking horribly conspicuous: a 22 per cent drop in operating earnings and another heavy bout of reserve strengthening against bad debts.

The second of these is not necessarily a portent of things to come from the clearers. Its shipping portfolio is obviously causing Grindlays some special anxiety in the face of sharply eroded asset values and specific provisions of about £13m have apparently been set aside here in 1983. But £3½m of UK retrenchment costs and a significant if unspecified fall in money market trading profits have also damaged Grindlays' underlying profitability, which does not look the most comforting start to the banks' reporting season.

Bank tax

The shares of clearing banks have had such a good run lutely that any news that might appear to harm the position of the clearers was almost bound to provoke some profit-taking. The announcement that a composite rate of tax was to be deducted at source from interest on bank deposits seemed to fill the bill yesterday.

The case for downgrading the banks is essentially that requiring them to pay interest on a net basis will strengthen the hand of the building societies in their long campaign to annex the banks' retail deposit base. If the effect of the new ruling is that the banks' seven-day deposit range drops to say, 4 per cent, more deposits might well migrate.

Yet it is possible that the composite rate – by offering a concealed subsidy to the bank's wealthier tax-paying depositors – might actually help to restrain the slide. Unfortunately for banks, the move leaves untouched the fundamental weakness in their retail position, which stems from the increasing realisation by building societies that their remaining tax privileges – despite their mauling from the inland Revenue last week – enable them to borrow and lend at rates which seem more independent of money-market rates as time passes.

British study gas options

Continued from Page 1

British Gas wants to be given permission to go ahead with the Sleipner deal, which it has spent almost two years negotiating.

The Whitehall view, however, seems to be that there is time to consider all the available options, especially the Dutch deal, which has only become a possibility since the last year's decision by The Hague to permit Gasunie to seek new export contracts.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday February 29 1984

Sumitomo to buy BAH's Gottardo stake

BY ALAN FRIEDMAN IN ROME

SUMITOMO Bank, Japan's fourth largest bank, has agreed to buy the majority stake held by Banco Ambrosiano Holding (BAH) Luxembourg in the Lugano-based Banca del Gottardo for $144m.

BAH and Sumitomo have signed a letter of intent for the purchase of BAH's 52.67 per cent interest in the voting share capital of Gottardo.

The proceeds of the sale, which was announced yesterday by London accountants Touche Ross – the court-appointed managers of BAH – will go toward the overall financial settlement of the Banco Ambrosiano affair. This total settlement is likely to be about $625m to $650m.

In all, Touche Ross will have $475m at its disposal for creditors of Ambrosiano, the defunct bank which was controlled by the late Sig Roberto Calvi. The $475m will be composed of a $250m payment by the Vatican's bank, the $144m raised by the sale of the Gottardo stake and a further $81m of cash and assets held by BAH. The $475m will thus be the bulk of the overall $625m to $650m settlement.

Banca del Gottardo ranks 23rd in Switzerland in terms of assets. At year-end 1983, Gottardo had a net worth of SwFr 337m ($155m) and assets of SwFr 3.73bn. It has six branches in Switzerland, Luxembourg and Nassau.

For Sumitomo Bank this deal opens the door to the lucrative business of lead-managing international bond issues. In Japan banks are not allowed to act in this capacity. Through its new holding Sumitomo Bank will be able to circumvent this restriction.

Last year Banca del Gottardo was lead manager in 11 issues for Japanese companies. It expects to manage about the same number this year. Japanese borrowers last year accounted for two-thirds of the privately placed foreign bond issues in the Swiss market.

In Rome, meanwhile, the Vatican's college of Cardinals has been meeting to approve the $250m payment by the Istituto per le Opere di Religione (IOR), the Vatican's bank. The IOR directly and indirectly owned 10 of the overseas dummy companies which Ambrosiano lent $1.3bn.

Although the Vatican insists that its $250m payment does not imply responsibility, all parties to the Ambrosiano settlement agree that the Vatican has no choice but to make the payment in view of its obvious involvement with the late Sig Calvi.

Senior officials at the Bank of Italy are hoping to bring the Vatican bank under their supervision soon by forcing the secretive institution to open a branch as a foreign bank on Italian soil. One official said yesterday that as the IOR had for many years had dealings inside Italy it was imperative to bring it to heel.

Next week the 120 main creditor banks of Ambrosiano should receive telexes containing the final settlement details from National Westminster Bank and Midland Bank, the creditors' co-ordinators.

Of its $475 funds, Touche Ross is likely to pay about $420m to Euromarket creditors of BAH, including the Italian state energy group, ENI. A further $35m to $40m will be paid to the Milan-based liquidators of the old Banco Ambrosiano parent and the balance ($15m to $20m) to creditors of Ambrosiano's Nassau, Bahamas offshoot.

Last Friday the Swiss federal banking authorities lifted restrictions that effectively prevented Japanese banks from opening new branches or subsidiaries

Report calls for ABP chief dismissal

By Walter Ellis in Amsterdam

THE PRESIDENT of the largest Dutch pension fund, ABP, faces dismissal following publication of the report of an official commission of inquiry into an alleged property scandal involving the fund in 1982 and 1983.

Mr J. van der Dussen admitted to the commission that he had allowed a series of property deals to go through without ensuring that the correct procedures had been observed. Mr A. Masson, ABP's investment manager, who allegedly accepted bribes to secure certain deals, was suspended from his duties last August. He has denied the allegation.

The dismissal of both men, which was urged by the commission, is a matter for the Dutch Government, which has yet to make its official response to the findings.

The commission recommends that the Government should "grapple" with the problems arising from the fact that ABP controls enormous funds – about Fl 100bn ($33.7bn) – without, seemingly, always being certain what is being done with them.

ABP's supervisory board is criticised for not carrying out its functions adequately, and the Minister for Internal Affairs, Mr Koos Rietkerk, is reproved for not keeping a tight enough grip on the developing scandal.

ABP (Algemeen Burgelijk Pensioenfonds), based in Heerlen, administers the pension contributions of nearly 1m Dutch civil servants and local authority workers. It is the biggest single investor in the Netherlands and has major interests in loans, securities, bonds, shares and mortgages as well as real estate. The amount invested in property is in the region of Fl 5bn.

A preliminary report into the affair carried out last year on instructions from Mr Rietkerk concluded that "organisational, procedural and personal relationships in the real estate sector of ABP leave much to be desired."

Banque Vernes asks for government cash to meet losses

BY DAVID MARSH AND PAUL BETTS IN PARIS

BANQUE VERNES, one of the smaller French banks nationalised in 1982, will be seeking capital injections from the government and its minority shareholder, the Compagnie Financière de Suez holding company, following announcement of a FFr 160m ($19.6m) net loss for 1983.

The loss, compared with a profit of FFr 12.5m in 1982, has been caused above all by property losses and provisions on loans to French and international borrowers.

The bank has been beset by structural problems and risks in property and commodity dealing inherited from the pre-nationalisation era. For more than a year it has been seeking a way out of its impasse by forging links with other state-owned banks. Announcement of the heavy 1983 loss – the latest in a series of setbacks by smaller banks taken over by the government in 1982 – may push it further into the orbit of the Suez group, which at present owns 10 per cent of Vernes.

News of the Vernes loss coincides with the conclusion of another grouping between nationalised banks in the first pooling of activities agreed since the 1982 takeovers. Credit Commercial de France (CCF), L'Européene de Banque (the former Rothschild bank renamed after nationalisation) and Union de Banques à Paris are teaming up in a move designed to strengthen the two latter, weaker institutions.

Although the three banks initially agreed to the link last year, it has taken till now to put the consortium together. The former Rothschild bank had actively sought the association with the two other banks and M Michel de Boissieu its chairman, was the principal architect of the venture from the beginning.

L'Europeene was, and to a large extent still is, in a delicate position. However, considerable efforts – including the consortium venture – have been made to restructure and strengthen the bank.

Yesterday it unveiled its own videotex system offering clients various software applications ranging from portfolio management to general accounting adapted for the French PTT Teletel videotex service which is now available to increasing numbers of French telephone subscribers.

The novelty of the system is that the former Rothschild Bank is the first credit institution in France to offer portfolio management software to its clients. The bank has traditionally specialised in portfolio management, but it has only recently adapted this to videotex technology.

Senior bank officials yesterday said that the newly-formed banking consortium would eventually develop common software programmes with a view to each specialising in those banking sectors in which it is strongest.

At one stage last year Banque Vernes was pursuing collaboration talks with Banque Worms and Banque Parisienne de Credit (BPC), two more of the state-owned banks, but these were abandoned some months ago.

Seat looks for profits in Europe

By Our Motor Industry Correspondent in Geneva

SEAT, the state-owned Spanish motor manufacturing group, expects to be trading profitably from September after nearly six years in the red, Sr Juan Jose Diaz Ruiz, the commercial director, said yesterday. Last year the company's losses reached Pta 23bn ($152m).

Seat is rapidly making the transition from being a company known only in Spain to a pan-European trader, after the break-up of its 30-year partnership with Fiat of Italy. Such is the interest in Seat's progress that 26 companies are battling to win the franchise to import the Spanish cars to Britain, where it is expected they will be among the cheapest available.

Seat started exporting cars under its own name in February last year and sold 28,000 for a 0.5 per cent European market share. If all goes to plan Seat's car output will rise from 260,000 in 1983 to 350,000 this year and 410,000 in 1985. Included in the 1985 total will be 120,000 Polos made under licence from Volkswagen of West Germany. Production of the Spanish Polos began early this year.

The Volkswagen cars will help to build Seat's share of the Spanish market from last year's 25.6 per cent to about 28 per cent in 1984, according to Sr Diaz Ruiz.

By the end of 1983 Seat had appointed 657 dealers in seven countries (Austria, Belgium, France, West Germany, Holland, Italy and Israel). The company is steadily expanding its range to four models and increasing its coverage of European markets. It expects to take a 1.5 per cent European market share by 1986.

For 30 years Seat has relied on Fiat technology, but is now developing its own, often in partnership with other countries. One of the most important of these developments will be unveiled at the Geneva motor show this week – a family of engines developed for Seat by Porsche of West Germany at a cost of Pta 5bn for the first phase.

Two versions of the four-cylinder unit will be available initially – 1193cc, 1461cc – but the engines are capable of being adapted for fuel injection and turbo-charged high performance versions, for a 3-cylinder economy unit or for a diesel engine.

This year Seat expects to export 82,000 cars under its own name. There will also be 20,000 Polos exported to VW and 40,000 Pandas to Fiat under the terms of a contract which runs out in 1985. Exports this year will also include 10,000 kits to the Seat assembly plant in Egypt.

Seat spent $17 on advertising and promotion outside Spain last year, against about $26m on advertising in the country. Sr Diaz Ruiz pointed out the company was not just introducing a model, "we were introducing a new brand, a new company to Europe." Advertising expenditure would, however, fall this year, he said.

Credit Suisse dividend to rise after profits hit record level

BY JOHN WICKS IN ZURICH

CREDIT SUISSE, of Zurich, is to raise its dividend for the first time since 1968. At the shareholders meeting on March 23, the board will recommend an increase in dividend from 16.5 to 18.8 per cent. This includes payment of 8 per cent (1982 5 per cent) on participation certificates of the affiliated CS Holdings.

The bank's management chairman, Mr Robert Jeker, said year's results were "excellent" and added that they had been better than initial expectations.

Net profit rose 16 per cent to a record SwFr 351.6m ($161.5m) with a simultaneous 5 per cent expansion in the balance sheet total to SwFr 77.3bn. Mr Jeker said that Credit Suisse budgeted a further earnings rise for 1984.

CS Holdings, which last year increased its stake in Financière Credit Suisse-First Boston from 49 per cent to 54 per cent, showed a rise in profits of as much as 61 per cent to SwFr 12.1m.

In the profit and loss account, the total of net interest income plus earnings from bills discounted plus money-market paper increased 19 per cent to SwFr 635.8m, while net commission income went up 17 per cent to SwFr 663.5m.

These improvements more than made up for a 10 per cent decline in earnings from foreign exchange and precious metal-trading to SwFr 270m. This sector accounts for only 13.5 per cent of gross income compared with an earlier share of about one quarter.

The bank's earnings from participations and securities fell 1 per cent to SwFr 421m.

In respect of participations, Mr Jeker said Credit Suisse was rapidly divesting its non-bank holdings, particularly outside Switzerland. The Texon Group, which Credit Suisse took over after irregularities at its Chiasso branch in 1977, had been reduced to a book value of only SwFr 382m, primarily by the sale of the international toy company Ampaglas.

The overall improvement in net profit followed a 15 per cent rise in gross earnings to SwFr 760.9m. This permitted an increase of 14 per cent, to SwFr 409.3m in the total sum for "losses, depreciation and provisions" which particularly reflected the coverage of increased sovereign risks. Actual losses amounted to SwFr 127m, of which 85 per cent occurred within Switzerland itself.

Clients' deposits rose 6 per cent to SwFr 50.66bn, and the due-to-banks total rose at the same rate to SwFr 18.5bn. On the assets side, loans and advances to clients fell 2 per cent to SwFr 35.4bn.

Funds not needed for credit business were invested in the money market, resulting in a 60 per cent jump in the bills portfolio to SwFr 4.3bn and a 14 per cent rise to SwFr 18.6bn in the due-from-banks total.

● Net profit of Société Generale de Surveillance, the Geneva-based international inspection and quality-control company, rose 17.8 per cent last year to a record SwFr 68.8m ($31.6m) before taxes.

This follows a 13.4 per cent growth in group turnover to SwFr 1bn for the year, due largely to the acquisition of further companies in the U.S.

At the shareholders' meeting on June 20 the board will recommend payment of SwFr 58 per share and participation certificate. This represents a rise of more than 24 per cent in the dividend. In respect of 1982, the company had distributed SwFr 70 per share, but the participation certificates issued in 1983 were not then entitled to dividend.

Trizec to invest in developer

By Nicholas Hirst in Toronto

TRIZEC, a Calgary-based property group, has agreed to invest an initial C$160m (U.S.$128m) in Branelea, a Toronto-based shopping centre and commercial developer, in a deal that might give Trizec a 40 per cent holding in the Toronto company.

In the first stage of the deal, which is expected to be concluded on April 12, Trizec is to buy 3.53m new shares in Branelea at C$17 each and buy a C$100m, 8¾ per cent debenture convertible at C$20.50 a share. On conversion, Trizec would have about 28 per cent of Branelea.

Trizec also has an option to buy 3.5m shares from Branelea's chairman and chief executive. Mr Richard Shiff, at C$22 a share, raising its holding to a possible 40 per cent. Mr Shiff has said he intends to withdraw from executive control in the next two years.

Trizec is controlled by Olympia & York, a Canadian property group owned by the Reichman family and the brothers Edward and Peter Bronfman, who also control Brascan, a Toronto-based natural-resources company.

Analysts said the deal was a good fit for both companies.

Dutch deal for Air Liquide

BY OUR FINANCIAL STAFF

AIR LIQUIDE, the French industrial gases group, is to invest about FFr 20m ($2.5m) in setting up a liquid carbon dioxide production plant in the Netherlands in association with ACP, a Belgian company.

The plant will be one of the biggest in Europe with an annual output capacity of 100,000 tons. It will be financed and operated near Maastricht jointly by ACP and Carboxique Française, Air Liquide's Dutch subsidiary.

Air Liquide indicated, meanwhile, that one of the investment projects it is studying called for the construction of an air separation plant at Orlando, Florida.

Europrogramme in talks on Milan property sale

BY OUR ROME CORRESPONDENT

EUROPROGRAMME, the troubled Lugano-based Italian property fund, is discussing the possible sale of two key buildings in Milan for about $100m. The company said the possible sale, which would include the building housing Europrogramme's Italian headquarters, was not an emergency operation, but a normal operation.

The news of the discussions has raised eyebrows in Italian financial circles because it comes only two weeks after Sig Giovanni Goria, the Treasury Minister, told parliament that the Government was "watching the vicissitudes of Europrogramme with great concern."

Europrogramme, which is controlled by the financier Sig Orazio Bagnasco, reported recently that the value of its assets had risen only 4 per cent to about L1,200bn ($879m) in the year ended June 1983, compared with 25.9 per cent in the previous 12 months.

Sig Bagnasco last month said in his regular letter to the 75,000 shareholders, many of whom bought the unquoted certificates from door-to-door salesmen, that they should hold on to their shares because the property market was likely to revive soon.

Meanwhile Europrogramme is attempting to raise more capital and obtain a stock exchange quotation in Milan through a complex formula involving the purchase of a shell company in Turin and subsequent transfer to Milan. The operation would require the approval of Consob, the stock market authority, the Italian central bank and the passage of a new law on property funds.

Europrogramme yesterday insisted it was confident that its plans for a quote would succeed and denied reports that it was planning the sale of the Milan holdings because it needed liquidity. "We do not need cash. The idea is just to make a deal if the price is good" said a spokesman.

Chicago bank results hit by energy lending

By William Hall in New York

CONTINENTAL Illinois, the Chicago bank which replaced its chief executive on Monday, says problems in energy lending and other areas reduced its net income by about two thirds, or $200m, in 1983.

Mr David Taylor, who replaced Mr Roger Anderson as chairman and chief executive, said in a "normal year" bad debt provisions might be about $140m and non-performing loans $300m to $400m. By contrast, in 1983 Continental Illinois' net income was $108.3m after provisions of $395m and its non-performing loans, half of which are energy-related, stood at $1.9bn, or 6.2 per cent of the total loan portfolio.

Mr Taylor said eventually the bank's earnings would rebound dramatically, as its loan-loss provisions and non-performing loans declined. But he added: "Frankly, we do not know when that day will come."

Mr Anderson, aged 62, who is being replaced as chairman and chief executive about two years ahead of schedule, denied yesterday that there had been any boardroom pressure on him to quit.

He said the bank had been reviewing his management succession plans for the last four years. "I have accelerated my plan and feel very comfortable in leaving the bank in the hands of people like David Taylor."

Mr Anderson's departure follows that of Mr John Perkins, president, and Mr Don Miller, vice-chairman, who both plan to take early retirement at the April annual meeting. Mr Ed Bottum succeeds Mr Perkins as president.

Dutch sugar group confident

BY OUR AMSTERDAM CORRESPONDENT

THE DUTCH Central Sugar Corporation (CSM) has announced a 20 per cent increase in net profits to Fl 37m ($12.5m) for the 1982-83 financial year ending September. Sales grew 14 per cent to a record Fl 1.1bn.

Earnings for the current financial year are said to be good and Mr G. M. van Loon, group chairman, said CSM was seeking to acquire at least one business in the U.S. as well as several in the Netherlands.

CSM is best known for its sugar production, which in 1982-83 accounted for more than 60 per cent of sales, but is also active in food processing at home and in the U.S. Sales in the sector rose from Fl 349m to Fl 413m, with Fl 101m deriving from abroad.

More Brazilian Fords may reach Europe

BY OUR MOTOR INDUSTRY CORRESPONDENT

FORD IS considering putting cars from its Brazilian factory on sale in several more European countries after a successful launch of Brazilian-built Escorts in Scandinavia, Mr Ed Blanch, chairman of Ford of Europe, said at the Geneva Motor Show.

Ford doubled the Escort's market share in Norway, Sweden and Finland after the Brazilian Escorts went on sale in January.

The group imported 3,000 cars from Brazil for the launch, and Ford now expects to sell between 12,000 and 15,000 this year in Scandinavia.

The Brazilian cars are on sale beside European versions of the Escort but at retail prices 6 to 7 per cent cheaper. Visually there is little difference between the two versions, but the imports have Brazilian-designed engines of 1,340 cc or 1,550 cc.

Ford said it was essential to import Brazilian cars to price some Escort models against the Japanese in Scandinavia, where the Japanese do not have to face the 11 per cent tariff imposed by the European Economic Community.

INTL. COMPANIES & FINANCE

Safmarine improves but cautious on outlook

By Our Johannesburg Correspondent

SAFMARINE, South Africa's national shipping line, benefited from a marked improvement in import cargo in the last few months of 1983 but is uncertain whether volumes will continue to hold up. In the six months to December pre-tax operating profits were R43.3m ($35.7m) on turnover of R229.4m. In the same period of 1982 operating profits weres R31.2m on turnover of R250.2m while the year to June 1983 resulted in operating profits of R68.2m and turnover of R484.2m.

The directors say increased import volumes and tighter operating procedures were major factors in the rise in profits, but warn, that uncertainties over the South African economy make it impossible to judge whether the improvement will continue.

The Industrial Development Corporation, the state-owned development bank, has been instructed to sell its 50 per cent interest in Safmarine. The government feels that it is inappropriate for a state-controlled company to have an indirect interest in casinos. Safmarine acquired an effective 18.8 per cent interest in Sun International, the casino and hotel group, for R36m last year.

First-half earnings increased from 23 cents to 34 cents a share. The company does not pay interim dividends. Last year's final dividend was 25 cents from earnings of 39 cents a share.

● SOUTH AFRICAN Associated Newspapers (SAAN), which publishes the Rand Daily Mail, Financial Mail, and Sunday Times, increased pre-tax profits in 1983 despite a first-half profit decline and an increase in the losses of the Rand Daily Mail. Profits rose to R11.4 ($9.4m) from R11m on turnover up to R128.5m from R113.7m

The company says the Rand Daily Mail's revitalisation programme is well advanced and its pattern of increasing losses will be broken this year.

The dividend total is 190 cents, against 185 cents, from earnings of 380 cents a share compared with 365 cents. Both earnings and dividends are expected to be increased this year.

MUI expands in Vancouver

By Wong Sulong in Kuala Lumpur

MALAYAN UNITED Industries (MUI), the diversified Malaysian group, has announced the purchase of the Miramar Hotel in Vancouver for C$9m (US$7.2m). The purchase from Tricona Investments and Embarco Holdings, two British Columbian companies, has been approved by the Canadian Government.

This is the fourth investment project by MUI in Vancouver. It is developing two major office and condominium blocks in the city, as well as holding a substantial stake in a sports club. The Miramar Hotel is described as a first class hotel of 200 rooms in downtown Vancouver, with "scenic views" of the city.

Mitsubishi Petrochemical slips back into the black

BY TERRY POVEY IN TOKYO

MITSUBISHI Petrochemical, Japan's leading producer of ethylene in which the Royal Dutch/Shell group has direct and indirect stakes totalling some 27 per cent, has passed its dividend for the second year running, although the company was able to return narrowly to the black after heavy losses in 1982.

Net profits for 1983 were Y472m (US$2m) against a net loss of Y8.8bn in the previous year. Pre-tax profits were Y157m against losses of Y16.8bn, on sales of 366bn, up from Y356bn.

Although the Japanese petrochemical industry has been in difficulties for several years, due primarily to over-production and competition from cheaper imports, 1983 saw a rise in ethylene production, which is taken as an indicator for the chemical sector as a whole. Production is forecast to continue to rise in 1984 as the Japanese industrial recovery continues.

However small last year's profit figures, they represent the firsrt time the company has been in the black since 1980. Sales of chemical and synthetic products both rose although demand for resin products remained slow.

Mitsubishi Petrochemical is forecasting pre-tax profits of Y11bn for 1984 and sales up by 3.8 per cent to Y380bn. The company also expects to be able to write off its accumulated net losses of Y7.7bn by the year-end. The full benefit of higher product prices coupled with stable input costs should see a return to dividends in 1985, said the company.

PLIF now big investor abroad

BY YOKO SHIBATA IN TOKYO

OVERSEAS investment by Japan's Postal Life Insurance Fund (PLIF) had risen to Y213bn (US$913m) by the end of January, making the fund a major international institutional investor despite its only starting such operations in May of last year.

The fund intends to place some Y235.9bn abroad—lower than the current year's Y258bn but still high enough to keep it in the big league of investors.

Overseas investments by the PLIF started after amendments to the law governing its operations came into effect last May which gave control of fund management to the Ministry of Post and Telecommunications and allowed it to place up to 10 per cent of its investment funds overseas. This last stipulation was based on a directive from the Ministry of Finance which was concerned that the possible outflow of funds would generate a fall in the value of the yen against the dollar.

The Postal Ministry places its orders for foreign bonds through Japanese brokers. Of the investments made so far, 50 per cent has been in Canadian national and provincial bonds, 35 per cent in Yankee bonds, and the rest divided between Australian and sterling bonds.

Further fall for Sembawang Shipyard

BY CHRIS SHERWELL IN SINGAPORE

SEMBAWANG SHIPYARD, the publicly listed Singapore shipbuilding, ship-repair and engineering group, has reported sharply lower pre-tax profits of just S$2.8m (US$1.3m) on a halved turnover of S$109m for the year to December.

However, the disappointing profit figure, which compares with S$53.4m last year, was boosted to S$9.3m by extraordinary credits on the sale of quoted investments, and the yard itself began to recoup its first-half losses in the second six months thanks to marginally improved ship-repair prices.

The directors are proposing a total dividend of 10 per cent, about S$9m, which is half the previous year's figure. The group also announced the formation of a new wholly-owned subsidiary, Sembawang Construction.

The results mean that the group has suffered for the second year in a row from the depressed shipping and ship-repair market. In 1982 pre-tax profits fell by more than a third. Yesterday the company said signs of a world economic recovery could be expected to improve prospects.

Bell offer for BHP shares closes

By Michael Thompson-Noel in Sydney

BELL RESOURCES, the energy investment offshoot of Mr Robert Holmes à Court's Perth-based Bell Group, has closed its A$232m (U.S.$218m) offer for 16m shares in Broken Hill Proprietary (BHP), Australia's largest company.

However, the latest chapter in Mr Holmes à Court's manoeuvrings at BHP is not yet ended, and seems likely to confirm his emergence as a major BHP shareholders. Nine days ago, Bell Resources tended for 16m BHP shares in addition to the 8m BHP shares and options it already owns. The offer was seven Bell Resources shares for four BHP shares, or five shares and five options for four BHP shares.

BHP took the issue to court, objecting that Bell Resources had failed to accompany its offer with a prospectus. The objection was upheld, though the Victoria Supreme Court said Bell Resources' lapse had been an "innocent breach" of the law.

Under an agreement outlined in court in Melbourne yesterday, BHP share-holders who initially accepted the offer will be free to confirm their acceptances, or withdraw them, once Bell Resources has issued additional information

Late yesterday Bell Resources was understood to have been notified of 7.7m initial acceptances, demonstrating the strength of support for Mr Holmes à Court's foray into the Australian resources sector.

● Myer Emporium, one of Australia's leading retailers, yesterday gained control of Boans, a Western Australian retailer, following the acquisition of 81.9 per cent of its shares. Myers offer of A$11.65 per share in cash is expected to close on March 19.

Italy's new-look chemical groups see a more encouraging trend

BY CARLA RAPOPORT

THINGS GOT so bad in the Italian chemical industry, the story goes, that even the customers who weren't paying for their orders stopped ordering.

The Italian chemical sector has been losing money for so long that even its own top executives can't help making the occasional joke about its troubles.

Over the last year or so, however, the Italian Government has been hard at work on a nationwide programme aimed at stemming these losses, and early returns suggest it is making respectable progress.

The moves, which most notably have halved the country's production of ethylene, are extremly timely. Next year, Saudi Arabia's new petrochemical industry will be on stream, aiming to satisfy between 5 to 7 per cent of the world's demand for petrochemicals with a range of products made from its own, cheap natural gas. Further, overcapacity within the petrochemical industry world-wide is still around 15 to 20 per cent, meaning that the next few years are certain to be painful for inefficient producers.

Just over a year ago, however, it looked as if Italy's chemical sector was headed out of the game altogether. Montedison, the country's leading chemical group, finished 1982 with unprecedented losses of L758bn (about $460m) on sales of L9,500bn (about $5.7bn). The group looked dangerously close to teetering into bankruptcy, putting close to 85,000 jobs in peril.

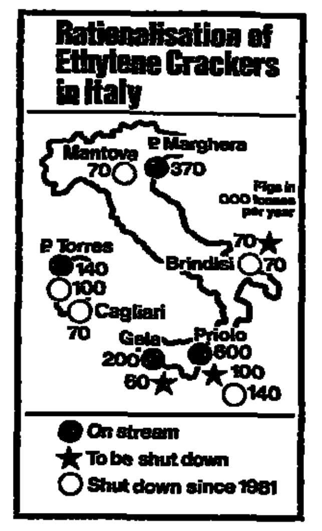
At the same time, Enoxy, the one-year-old chemical joint-venture between Occidental Petroleum and the Italian Government fell apart as the U.S. oil group decided to pull up stakes, recoup most of its investment and go home.

Reports of Enoxy's death were exaggerated, however. Today, what was Enoxy and a lot of what was Montedison is now Enichem, the new chemical subsidiary of ENI, the state-owned oil company. Before cynics start to reel at the thought of yet another incarnation for Italy's chemical industry, they would do well to consider the sheer size of the new Milan-based group. Total sales of the group's range of commodity petrochemicals are likely to reach $4bn this year, propelling Enichem into the league of the world's top 15 chemical companies in terms of sales.

Nevertheless, the new child was not granted a very attractive birthright. Enichem, it appears, largely grew out of the Government's wish to avoid the collapse of Montedison. That embarrassment was averted by "selling" the bulk of Montedison's commodity petrochemical plants (1982 losses: $300m) to Enichem for $300m — a deal which Occidental wanted no part of and which prompted the U.S. group's withdrawal from Italy.

The move has allowed Montedison to concentrate on its range of higher value-added, higher profit margin, chemicals and allowed it to pursue attractive joint-ventures in both plastics and pharmaceuticals.

Enichem has been created out of a bewilderingly large number of bankrupt or heavily loss-making chemical companies. These include Liquichimica and the SIR/Rumiance groups; ANIC, the original subsidiary of ENI, the Italian state-owned oil group; Enoxy, the joint-venture with Occidental; and most of the loss-making petrochemical and plastics interests of Montedison, as mentioned above.



Dane Wilson

Despite this unappealing base to work with, Enichem executives are surprisingly upbeat. They do not shy away from admitting that political expediency, i.e. building chemical plants to suit voters, not markets, played a large role in the long-running troubles of their industry. However, they are just as ready to admit that the industry itself was extremely provincial in its attitudes towards marketing, research and development, and the need for old-fashioned balance-sheet discipline.

"We have had to change a lot of our thinking. Today, we can say we will invest our money where it makes sense. It seems incredible, but we believe it's true. The days of lots of chemical companies fighting each other, asking the state for money, are over," says Sig Lorenzo Necci, the president of Enichem.

As to the potential for profits from the two groups, Montedison, with sales of around $6bn a year, is easily in the better position. Its principal advantage lies in the fact that it has sold the bulk of its loss-making petrochemical and plastics divisions to Enichem.

Sig Mario Schimberni, president of Montedison, states forthrightly: "Until the beginning of 1983, Montedison's product mix was severely imbalanced, with most of its output geared to energy-consuming low value-added items. Its presence on export markets was also limited and fragmentary in nature, making it overdependent on the domestic economic situation."

Free of its major loss-makers, Montedison has now been able to concentrate on improving the performance of those businesses remaining which stretch from fertilisers to pharmaceuticals. Earlier divestments and increased productivity have already helped the group to shed more than 25 per cent of its staff since 1980, with employment today down to 76,600 from a peak of 105,500.

The profit and loss account has responded as well. Preliminary figures for 1983 indicate that losses were halved in the year to around L380bn. The group has also been raising money on foreign stock exchanges by floating off parts of its profitable businesses, notably a joint venture with Hercules in the pharmaceutical sector which obtained a New York listing last year under the name of Erbamont. This year, Montedison's $600m-a-year synthetic rubber subsidiary, Ausimont, will have its own quotation.

Sig Schimberni sees the group's future as pinned on increasing its export markets, a goal shared with Enichem. As for profits, he expects the group to be in the black by 1985.

The job ahead of Montedison, however, pales in comparison with that facing Enichem. With losses of around $635m in 1982, the new chemical group is the weakest company in the world-wide chemical sector.

As a wholly state-owned group, observers still doubt whether political considerations can ever be far enough removed from the actual running of the business. ENI, Enichem's parent, for example, has had a revolving door instead of a head office during the past two years. In that time, six chairmen have come and gone with the various political winds.

Still, ENI's brief year as a partner with Occidental Petroleum of the U.S. had a striking effect on the Italians. During the life of the joint venture, which started in late 1981, plans were laid for cutting back excess petrochemical capacity, strengthening the group's European marketing network, cutting the workforce by 10 per cent and pushing up heavily-depressed prices for thermoplastics from ruinously loss-making levels.

A fair proportion of that work was in train by the time Occidental pulled the plug on the Enoxy deal last December.

The work which Enoxy had begun seemed so important to the Italians that swift efforts were made to extend the contracts for any Occidental or Enoxy employee who was willing to stay with the newly-established Enichem. A core of 15 to 20 senior people remained.

Prominent among them is Mr Charles Doscher, president of Enichem's marketing operations which are strategically based in Switzerland, not Italy. Mr Doscher is a genial, white-haired marketing professional, who made his name in business by masterminding Dow Chemical's successful invasion of Europe in the 1970s.

"Our objective is not just to sell but to improve profits both in the short or long term," he says. "We are not here to increase market share or improve sales volume; we are here to improve profits."

Over the last 18 months, Mr Doscher has helped establish 17 sales offices throughout Europe for the marketing of Enichem's products. Already, the group enjoys commanding market shares of a variety of petrochemicals.

Already, Enichem's results are encouraging. Net losses in 1982 for the businesses now making up Enichem totalled L1,000bn, on sales of around L6,700bn. In 1983, it is believed that losses were reduced by 40 per cent to L600bn ($380m).

About 60 per cent of this loss is due to servicing Enichem's large debt. An equal amount is the annual depreciation charge, indicating that on an operating level, the group is already breaking even.

Statoil may buy ethylene cracker from Exxon unit

BY FAY GJESTER IN OSLO

STATOIL, Norway's State-owned petroleum company, will decide before the end of this year whether to acquire a half stake in an ethylene cracker at Stenungsund, Sweden, now wholly-owned by Esso Chemicals, a subsidiary of Exxon of the U.S. The company has confirmed that it is seriously considering an offer from Esso—made about a month ago—to sell Statoil up to half its share, at an undisclosed price.

Statoil believes that the deal, estimated to be worth several hundred million kroner, could facilitate marketing in Sweden of products from the petrochemical complex at Rafnes, Eastern Norway, in which the state-owned company has a majority stake.

The Stenungsund cracker is about the same size as the one at Rafnes, which produces 300,000 tonnes of ethylene and 70,000 tonnes of propylene annually.

PERSONAL FINANCIAL PLANNING

It is proposed to publish a survey on the above subject on Saturday, 28th April, 1984.

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CONTRACTS & TENDERS

UK COMPANY NEWS

Grindlays earns £26m for year

FULL YEAR profits of Grindlay Holdings fell from a restated £31.47m to £25.78m despite a reduction in doubtful debt provisions of £6.82m to £19.06m.

Following rearrangement of shareholdings during the year to end-December 1983, Grindlays Bank became a wholly-owned subsidiary. Corresponding figures for 1982 have been restated to reflect this rearrangement of shareholdings and a change in accounting policy relating to translation of foreign currencies.

Citibank NA now owns 48.6 per cent of the group's enlarged share capital following an agreed exchange of its 49 per cent interest in Grindlays Bank for *shares in Grindlays Holdings.*

Recognising the continuing uncertainties that exist in certain of the group's markets, a special transfer to general provisions for the year of £15m (£25m) was considered appropriate

After stripping out £75.75m attributable to the sale of subsidiaries and investments last time, group taxable profits for 1983 emerged higher at £10.78m *compared with £6.47m.*

During the year, the group benefited from continued profit growth in India and other countries *in South Asia.* Personal and corporate banking business in London and Jersey had another good year as did UK financial *services subsidiaries.*

There were encouraging improvements in France and Australia, the directors add.

Overall, operational earnings were, however, lower than in 1982.

Treasury earnings in London *continued to contribute significantly* to group profits, though at a lower level than in the previous year.

The shipping markets continued to cause concern with low asset values and liquidity under strain, and there has been a need for provisions in 1983.

A breakdown of profits before special items shows that net funds based revenue was virtually unchanged at £121.8m (£121.9m), but other income fell to £54.8m against £56.4m leaving the total down at £176.6m (£178.3m).

Staff costs absorbed £75.9m (£70.6m) and other operating costs accounted for £55.8m (£50.4m). Operating earnings came out at £44.9m compared with £57.3m.

Following a review of London costs there has been a reduction in the UK staff and a provision *of £3.5m has been made to meet* related costs including associated pension funding.

The specific debt provisions net of recoveries were spread both geographically and across business segments. Further provisions amounting to £7.7m this time have been made specific by transfers direct from the general provision, in the manner fore-*shadowed in the 1982 annual* report of Grindlays Bank.

Including a special 5.6p, the dividend total is 9.975p (4.375p) *with an unchanged final of* 3.125p.

The net tax charge for the year amounted to £417,000 *(£50.75m). It broke down as to* a charge of £16.25m (£19.33m) relating to profits before special items and a credit of £15.83m *(debit £31.42m) relating to 1982* special items.

Below the line, there were minorities of £70,000 (£336,000) *last time extraordinary debits* took £321,000. After dividend payments, and merger adjustments of £417,000 (£1.42m), the *retained surplus was nearly £2m* higher at £4.81m (£2.91m).

Earnings per share, prior to the special items, fell from 17.8p to 14.3p.

Deposits rose by 2.5 per cent to £4.75bn and advances by 8.7 per cent to £3.17bn, mainly due to the effect of movements in exchange rates.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Amstrad Consumer ...int	0.27	Apr 19	0.22	—	0.57
Argyle Trust	0.5	—	—	0.5	—
Blagden Inds ......Sec int	3.15	—	3	6.8	6
First Scottish	3.75	Apr 30	3.75	5.15	5.15
Grindlays Holdings	3.13	—	3.13	9.98¶	4.38
Industrial Finance ...int	0.85‡	Apr 27	0.75	—	2.25
Investing in Success ...	4.06	Apr 25	3.98	5.32	5.18
Jos Holdings ....int	1	Apr 3	0.86	—	3
Donald Macpherson	0.75	Apr 5	2.7	2.25	4.2
Miss World	2‡	May 14	—	3	—
Raine Inds ....int	0.2†	Apr 27	0.17	—	0.64
TSL Thermal	0.1	—	Nil	0.1	1

Dividends shown pence per share net except where otherwise stated. * *Equivalent after allowing for scrip issue.* † *On capital* increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Includes special dividend payment of 5.6p.

Newcomer Mandarin forecasts recovery

DEALINGS will start on the Stock Exchange today in ordinary shares of the restructured Hong Kong-based investment and property company, Mandarin Resources Corporation. This follows a rights issue of 875 new ordinary for every 100 existing ordinary shares underwritten in part by the Bank of Credit and Commerce Hong Kong. Principal shareholder Exchequer Estates, has subscribed for its full entitlement of 41.76 per cent of the issue.

The rights issue will increase the number of shares in issue from 10m to 97.5m and raise HK$34m, net of expenses. At the same time, London stockbrokers Henderson Crosthwaite and Fiske and Co. are undertaking a vendor placing of 37.5m shares that arise from Mandarin's proposed acquisition of Markle.

Total number of ordinary shares will amount to 135m, which will capitalise Mandarin at about £5.8m on expected opening dealings in London. This also follows the purchase of a near 15 per cent shareholding for £700,000 by Jenks and Cattell, the UK listed makers of hand tools and prefabricated buildings.

Mandarin is a quoted "shell company" listed on the Kowloon Stock Exchange, backed by Hong Kong industrialists and financiers.

Its reconstruction followed an improvement in trading, which required an increase in the capital base of Mandarin, and *the directors have made a profits* forecast of approximately HK$250,000 (loss HK$555,595) for the year to March 31 1984. *This is assuming completion of* the company's first proposed acquisition of Markle, which recently bought a 12-storey office development in Repulse Bay, Hong Kong.

On the basis of the profit forecast for 1984, Mandarin's directors do not expect to recommend a dividend. Pro forma consolidated net assets, after the rights and acquisition, will be HK$49m (36.3 cents per share of the expanded company).

In the rights issue document, the directors of Mandarin state that they propose to acquire Markle for HK$15m to be satisfied by the issue of 37.5m new *ordinary shares of 40 cents* each. It is expected that negotiations will be finalised by the end of next month.

After the funding, Mandarin will invest in a company which will make inexpensive downmarket tools, suitable for mail order *selling, for sale outside the* UK, mainly to the Far East and the U.S.

Ray Maughan looks at Capper Neill's unsuccessful moves to stave of receivership as ......

Second rescue attempt is called off

The bold attempt to shore up Capper Neill, the pipework manufacturer and civil engineering contractor, folded yesterday but, in retrospect, the reconstruction never had much chance of success.

Consolidated Contractors Group, the Athens-based, Arab-owned construction group had put up *£6m to take a 59 per cent* stake in Capper, and National Westminster and Midland Bank had agreed last September to re-schedule a substantial proportion of loans to Capper on advantageous terms.

There is no question that last year's reconstruction was undertaken on anything other than a bleak prospectus. The order outlook was cloudy. Capper was embroiled in several outstanding contract claims and, not least, the group urgently required a stringent system of financial controls.

That much was known last September when, after almost 10 months of careful appraisal by the banks and their accountants, CCC became the majority shareholder. With the practised eye of a leading international contractor rather than a banker or an auditor, CCC was quickly able to establish that Capper's position was far worse than anticipated.

Quick to sense the deteriorating mood at Capper's Mold headquarters near St Helens, the *banks brought the reporting* accountants back to Capper in November and by the end of the year all sides had acknowledged that the group needed further capital.

For the 10 days up to the end of last week, CCC and the banks had been trying to thrash out a formula for a second stage re-financing. To no avail. *National Westminster and* Midland received CCC's final proposals and considered them over the weekend. At a meeting on Monday, Mr Kevork Toroyan, the new chairman of Capper, was told to appoint a receiver.

As CCC sees the position, it was willing to make a generous contribution to the new financing plan by doubling its exposure in *Capper to £12m. Of that sum,* £2m would be injected as fresh capital and CCC was prepared to find a third bank to give guaran-*tees for £4m of additional* facilties but it also insisted that its security would rank pari passu alongside National West-*minster.*

The banks were required to do rather more. A sum of £8m from the original £14m medium term loan was to be converted to redeemable preference stock, the interest holiday on the term loan was to be extended from 2 to 5 years, £1m of property sale *proceeds which* helped to secure the banks' loan would be used instead to bolster Capper's cash flow and, finally, the banks were asked to forego their *previously* agreed entitlement to cut their facilities this summer by £1.7m.

But, ultimately, the banks have called for the services of Cork Gully not because of the additional commitment but, rather, because Capper's prospects had worsened materially since the end of last summer.

A write-down against work in *progress, reorganisation costs* and trading losses had slashed Capper's net worth to just £6.2m at March 31 last year which was supporting gross debt of £27.4m. After the first reconstruction, tangible assets had been partly restored to £17.4m and outstanding debt had been rescheduled on favourable terms.

The banks say £21m of their *combined loans are* interest free but their scheme has collapsed after five unhappy months principally because Capper is not *finding enough contracting work* to cover its overheads.

Capper's own estimate of overhead under-recovery indicates a loss this year of more than £1m and loss elimination on this score would be achieved the following year.

At the outset, CCC calculated its extensive civil engineering contracts would find some $20m of work this year which it felt would enable Capper's all-*important contracting operations* to break even before interest payments.

On the bank's assessment, Capper needs £30m to break even after servicing on a full interest basis. The international *competition Capper referred* to earlier seems to be intensifying for the banks believe the new order book is negligible.

Worse, the orders still going through books are causing innumerable headaches. Capper *spoke yesterday of completion* costs "substantially in excess of earlier projections. Additionally, disputed claims related to these *major contracts* have exposed the group to further losses."

CCC now says that the extra sums it was preparing to inject would have covered all eventualities. Mr D. R. Perrey, the Capper director appointed to the board only *14 days ago, was* confident that "the bottom line is foreseeable."

The banks have their own *idea of where the bottom line* may be and that calculation *takes in a loss for the year to* March 1984 of almost £11m, against the initial projection of a £3.3m pre-tax deficit. And, also a further loss of up to £2m in the next financial year.

It will leave the balance *sheet,* to say the least, in a very parlous state and supported almost entirely by preference capital. That would include contract *claims made by Capper* reaching as much as £10m which would be included in work-in-progress. Moreover, taking the worst case view of claims against the group, the banks believe that Capper could be liable for a further £15m.

Once again, the failure of a significant industrial company has left the banks and their clients some way apart. Capper was asking yesterday whether the banks were looking for too fast a return on their loans and capital.

The banks on the other hand, now emphasise that Capper was *too far gone; even last summer, for a court-appointed* administrator, as envisaged in yesterday's Insolvency White Paper, to have *made any discernible difference* to the outcome.

An imaginative rescue eventually failed because Capper was *too deeply enmeshed in its own* past difficulties.

Blagden reorganisation as profits jump 50%

SECOND HALF pre-tax profits of Blagden Industries, steel drums, plastic products and chemical concern, doubled from £677,000 to £1.4m and lifted the figure for the 53 weeks ended January 1 1984, to £2.61m, against £1.74m for the previous year, a 49.5 per cent rise.

The directors also announce that agreement has been reached with City Investing International Inc, *a wholly-owned subsidiary of* City Investing Company of New York, under which City's 42 per cent minority equity interest in Rheem Blagden, the principal operating subsidiary of Blagden Industries, will be acquired by Blagden in exchange for shares.

Commenting on group prospects for the current year, the directors say there has been an encouraging start and if the apparent improvement in the business climate is sustained, further progress can be expected

Turnover for the 53 weeks moved ahead by 8 per cent to £67.14m compared with £62.18m. and operating profits amounted *to £3.04m, against a previous* £2.33m.

Earnings per 25p share were 13.8p (12.5p) and a second interim dividend of 3.5p net lifts the total payment to 6.8p (6p).

A divisional breakdown of turnover and operating profits shows: UK drums and casks £25.25m (£24.59m) and £1.79m (£1.51m); foreign drums and casks £4.29m (£4.71m) and £399,000 (£9,000 loss); plastics mouldings £13.07m (£10.81m) and *£340,000 (£56,000); plating* and transformers £2.16m (£2.36m) and £357,000 loss (£13,000 loss); chemicals £19.26m (£16.7m) and *£523,000 (£433,000); industrial* protective equipment £3.12m (£3m) and £347,000 (£353,000).

The directors explain that the consideration for the City acquisition will comprise the issue of 2,556,000 new Blagden ordinary 25p shares, and 1,131,000 new 'A' non-voting ordinary 25p shares.

But for the acquisition, City *Investing would receive a dividend* for 1983 on its Rheem shares of £310,000. It is, however, a term of the acquisition that City will receive a reduced dividend of £160,000 and 100,000 shares out of the total consideration are notionally attributed to this feature.

Taking into account City's existing holding of 1.27m ordinary shares in Blagden (11.9 per cent of the existing issued capital), at the conclusion of the transaction City will hold *3.88m ordinary (29 per cent of* the enlarged ordinary capital), while its total equity interest (including the "A" non-voting) *will amount to 34.6* per cent of the enlarged equity capital.

Directors of Blagden are firmly of the view that the proposed streamlining of the group structure is a sensible move. They point out that Rheem "dominates the trading interests of Blagden Industries," as evidenced by its contribution of 66 per cent (£1.73m) to pre-tax profits.

The "A" non-voting shares will rank pari passu with the new ordinary shares, except they will carry no general voting rights.

While City has confirmed that it has no present intention of increasing its shareholding in Blagden it has been felt appropriate to regularise for the future general arrangements and understandings between the two companies.

Net tangible assets at book value as at January 1 1984 amounted to some £15.2m, *equivalent to 143p per share.* Had the rearrangement then been effective, net tangible assets would have amounted to *about £21.4m or 149p per share*

The Blagden board, fully supported by its financial advisers, N. M. Rothschild and Sons, regard the arrangements as being in the best interests of shareholders and are of the opinion that the terms are fair and reasonable.

● comment

Clarifying the relationship with City Investing is an event overdue by many years but at long last a deal has been struck—and a deal which serves Blagden *shareholders fairly well. There is* no earnings dilution, though perhaps City has wisely traded a major stake in a mature drums business for a less sizeable holding in what (hopefully) is a company entering a new growth phase. Rather than a prelude to a bid from City, Blagden men see this deck clearing as a preface to their growth by acquisition. Another leg to the business is a possibility, probably a fairly major acquisition for equity if it comes off. Even if that quantum *leap forward is delayed* Blagden will probably widen its base by bolting on small buy to its existing framework. Chemicals manufacturing could be an obvious area for expansion. Looking at the trading figures the profits are much as expected with loss making plating the only real headache left, although returns from mouldings could be a sight *better. The target for the current* year must be £3m or more pre-tax, bids aside, as Blagden builds on last year's cost cutting with some real growth. At 126p the shares have had a good run over the past few weeks but still the p/e is under 9 and the yield is 8 per cent.

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Donald Macpherson cuts dividend

DESPITE continuing destocking by Woolworth, Donald Macpherson Group has been able to maintain profits, due to substantial volume gains in trade paint sales. However, following extraordinary costs of £3.82m, the final dividend has been cut from 2.7p to 0.75p.

The total dividend is down from 4.2p to 2.25p. Earnings per share fell from 3p to 0.6p.

Pre-tax profits for the year to the end of October 1983 amoun-*ted to £1.32m against £1.35m,* on sales of £105.77m compared with £103.47m.

Mr Rex Chester, chairman, says there are signs of orders picking up and he expects paint sales to Woolworth to resume previous levels this year,

It is also expected that benefits of rationalisation will begin to show through in 1984, with full impact in 1985.

Destocking by Woolworth resulted in a drop in order inflow of 45 per cent — the company supplies Cover Plus paint. New proposals have been accepted by Woolworth for improved reordering and direct delivery system to reduce their stockholding and increase stockturn.

These systems will involve "substantial" new capital investment.

The profit impact of the drop in Cover Plus sales was largely offset by increased profit contribution in both home and export markets of the trade division and group interest charges reduced from £1.82m to £1.32m.

● comment

At the interim last July, Macpherson said that the shortfall in first half sales of Cover Plus to Woolworth would be unlikely to be wholly recouped in the second. The warning proved timely, since after a nine-month downturn of 2 per cent in volume, the last quarter proved so appalling as to leave full year *volume down by 18 per cent.* The same scale of downturn has held good in the first quarter of this year, but volume should thereafter be restored, at the expense of £0.8m in capital expenditure on Macpherson's part to comply with Woolworth's new distribution system. Meanwhile, the highly imaginative sortie into South African conveyor belt components has bitten the dust, for lack of finance. The cash shortage is attributed to market disappointments on the home front. But given Macpherson's scatter-gun approach to acquisitions in recent years, such disappointments are only natural. At 61p — up 2p — the shares yield 5.3 per cent. Given recent developments, forecasting this year's profits seems of limited use.

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A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samuel §	9 %
Amro Bank	9 %	C. Hoare & Co. †	9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	■ J. Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered ‖	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings ¶	10¼%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
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Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

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* 7-day deposits 5.5%, 1-month 6%. Fixed rate 12 months £2,500 9% £25,000, 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

UK COMPANY NEWS

Our Price gets SE chart value of £9.8m

BY WILLIAM DAWKINS

OUR PRICE, the London-based chain of record and tape shops, is the latest company to get a listing on the Stock Exchange charts.

The group is coming to the market through an offer for sale by tender of 1,633,500 ordinary 20p shares at a minimum tender price of 150p each, representing 25 per cent of its total capital.

Our Price is issuing 905,000 new shares to raise £1.37m before expenses at the minimum tender price, and the directors and other shareholders are selling the rest, which will raise around £1m at the minimum price. The biggest seller is Midland Bank Industrial Finance, which is disposing of 562,500 ordinary shares.

The directors have forecast a pre-tax profit of not less than £1.1m for the year ending May 1984. They do not intend to recommend a dividend for the current year, but expect that the first distribution will be an interim dividend in respect of the year ending May 1985.

For a full year in which profits similar to those forecast for the current year were earned, the directors would expect to pay a total dividend of 3p net, which would give a yield of 2.9 per cent at 150p.

At the minimum tender price, the group is capitalised at £9.8m and the prospective multiple is 18.8 on a full tax charge, rising to 11.5 on an actual tax charge.

Our Price operates a chain of 77 shops in London and the south and claims to be the largest specialist UK retailer of recorded music by number of outlets. It estimates that it has a 5.5 per cent share of a national UK retail market worth about £455m, including VAT.

Pre-tax profits in the year to May 1983 rose from £536,000 to £870,000 on turnover up from £15m to £20m. Earnings dipped, however, between 1979 and 1980 and Our Price swung into a pre-tax loss of £396,000 in the 14 months to May 1981.

The profits setback reflects the cost of purchasing for £1.4m and refinancing the loss-making Harlequin chain of 41 record shops in May 1980, which more than tripled the number of Our Price shops to 57.

Four new shops are planned to open by the end of May, and the group is planning to open an additional outlet as an experiment selling micro-computer software.

The offer is being arranged by Morgan Grenfell and the brokers are Scrimgeour, Kemp-Gee. The application list will open next Tuesday, and dealings are expected to commence on March 12.

● comment

The giddy rate of expansion in the nubmer of Our Price stores over the past three years has lifted borrowings to 85 per cent of shareholders' funds. The group clearly cannot afford to continue growing at that pace without recourse to equity finance, which following the issue could reduce gearing to a more manageable 35 per cent. It already has a 15 per cent share of the retail market in its region and has identified a further 50 prime sites suitable for acquisition. Since the record industry is at best stagnant in real terms—although cassettes and compact discs are growing vigorously—the prospects for organic expansion are limited. So Our Price has good reason to come to the market. Yet it has taken a brave gamble in plumping for a tender in view of the recent series of unsuccessful offers. However, it looks as if the strength of its position in the prosperous south may be enough to outweigh any doubts about the record industry's prospects.

Common Bros. £0.2m down in first half

FIRST HALF pre-tax profits of shipping group Common Brothers fell by £201,000 to £481,000 on lower turnover of £14.82m, compared with £18.7m.

The figures were struck after adding in a £3.49m compensation payment this time for the IRO Frigg drillship and taking account of an £840,000 drop in interest charges to £950,000.

The results also included a deferred gain on the sale of product tankers amounting to £753,000 (£466,000), interest received of £933,000 (£1.22m), a £1.04m lower contribution from hire of ships on charter at £1.54m and a £68,000 (£613,000) share of related company profits.

Deductions included depreciation of £2.8m (£2.48m), provisions of £95,000 (£100,000) and drydocking costs of £403,000 (£49,000).

The disposal of Common Brothers' interest in Harrison Horncastle became effective last December and the group's results for the six months to end December included approximately £219,000 in respect of its share of the profits after tax and minority interests in Harrison and a net profit on the sale of this investment of approximately £81,000 (after tax of £400,000).

First half earnings enabled the group to further reduce its total borrowings from £20.3m at the beginning of the year to £15.2m with the debt/equity ratio improving from 0.9 to 0.6.

Attributable profits emerged at £381,000 (£388,000) after adding in an extraordinary credit of £81,000 (nil) and allowing for minorities of £181,000 (£514,000). Tax added £220,000 last time. Earnings, pre-extraordinary items, amounted to 5p (6.5p) per 50p share.

The Veracruz continued to operate well and will continue the Tampa to Mexico programme in the winter and New York to St Lawrence in the summer. A second vessel, Bermuda Star, will be delivered on a long-term bareboat charter in May and start one-week cruises from New York to Bermuda, in June.

The three gas vessels continue to operate according to plan.

The interim report reveals that market conditions continue to be weak with charter rates only at operating cost levels. However, increasing optimism has led to a general improvement in the market values although it is unlikely that a profitable charter can be obtained before the end of this year.

Common Brothers is a subsidiary of Norex Corporation of Bermuda.

Amstrad sales surge 86% but margins under pressure

A COMBINATION of unfavourable exchange rates and higher sales of distribution products resulted in a reduction in margins at Amstrad Consumer Electronics in the first half.

Also, the margins of its Hong Kong subsidiaries were, due to the nature of their operation as a trading company with no exposure to stock or manufacture, less than required on manufactured products.

Overall group sales for the six months ending December 1983 advanced from £28.61m to £53.25m, a rise of 86 per cent, while taxable profits expanded by 38 per cent to £6.32m, against £4.59m.

With the expected seasonal downturn now taking effect the directors say that it is not realistic to assume a similar performance in the second half.

However, they are confident about the company's new products and ventures which will lead into the next financial year. They expect benefits from a new range of racked audio units which will be ready by the autumn.

The interim dividend is lifted from 0.22p to 0.27p. Last year's final payment was 0.35p on taxable profits of £8.04m.

First half sales remained buoyant in racked audio units, portable colour televisions and ver machines.

During the period, the company decided to construct phase two of its factory planning through the purchase of a site adjacent to the existing factory. This phase is expected to be operational by February 1985.

Around May of this year Amstrad will be launching a 64K home computer, and the directors are confident that it will find its place as a market leader within a few months.

● comment

After four years of performing at an Olympian rate, Amstrad seems to be at the stage when the corporate equivalent of a pause for breath signals the oncoming of a more mature business phase — and a more realistic level of profits growth. The latest first half increase, at less than half the rate of previous years, suggests exactly this, especially as there is little more that the company can do to improve the 36 per cent market penetration of its stacked hi-fi systems, which represents the core of the business. This does not mean that the company has run out of steam. Far from it. Amstrad has already got its adventuresome toes into the huge colour TV and video recorder markets and is shortly to cross swords in the equally lucrative personal computer sector with the likes of Commodore and Sinclair. The company considers all these markets to be wide open and, as far as the latter is concerned, all possible production in 1984 has already been sold. With no expected change to the usual 60:40 profile of the year around £10.5m looks on the cards for the full period. At this level the fully-taxed prospective p/e is 18.8 at 102p, down 8p—a rating which, for a company with an unblemished track record, looks a little undemanding against others in the sector.

Granville & Co. Limited

Member of NASDIM

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	125	—	6.4	5.1	7.3	9.5
158	117	Ass. Brit. Ind. CULS	138	—	10.0	7.2	—	—
78	62	Airsprung Group	71	—	6.1	8.6	20.3	20.3
38	21	Armitage & Rhodes	27	—	—	—	—	—
320	141½	Bardon Hill	320	—	7.2	2.3	13.1	28.6
58	53	Bray Technologies	58	—	2.7	4.7	10.5	11.4
200	197	CCL Ordinary	197	—	5.0	2.5	4.5	6.3
151	121	CCL 11pc Conv. Pref.	147	—	15.7	10.7	—	—
356	100	Carborundum Abrasives	355	+5	5.7	1.6	—	—
249	100	Cindico Group	103	—	17.6	17.0	—	—
63	45	Deborah Services	59xd	—	6.0	10.2	31.6	51.3
200	75	Frank Horsell	200	—	—	—	8.4	13.8
187	75½	Frank Horsell Pr Ord 87	187	—	8.7	4.6	7.9	12.8
69	29	Frederick Parker	29	—	4.3	14.8	—	—
39	32	George Blair	35	—	—	—	—	—
60	46	Ind. Precision Castings	48	—	7.3	15.2	13.3	16.6
280	134	Isis Conv. Pref.	280	+5	17.1	6.1	—	—
121	61	Jackson Group	119	—	4.5	3.8	6.2	12.2
242	169	James Burrough	237	—	11.4	4.8	13.1	13.5
345	275	Minihouse Holding NV	340	—	4.0	1.2	25.6	31.2
176	107	Robert Jenkins	107	—	20.0	18.7	12.4	8.4
74	60	Scruttons "A"	60	—	5.7	9.5	10.0	7.2
120	64	Torday & Carlisle	64	—	2.9	4.5	—	—
444	385	Trevian Holdings	440	—	—	—	9.0	8.2
26	17	Unilock Holdings	18	—	1.0	5.5	11.8	17.1
92	65	Walter Alexander	88	—	6.8	7.7	7.7	10.2
276	236	W. S. Yeates	236	—	17.1	7.2	3.7	7.5

COMPANY NEWS IN BRIEF

The offer for sale by County Bank for Robert Horne Group has been oversubscribed. The subscription list was closed on February 28 and the basis of allocation for successful applications will be announced as soon as possible.

* * *

Increased pre-tax profits of £303,000 against £241,000 have been shown by Raine Industries for the six months to the end of 1983. Sales of this residential and commercial estate developer, which includes Marks & Spencer as one of its customers, moved up from £6.27m to £7.52m.

On capital increased by a one-for-three rights issue last October, the interim dividend is lifted from 0.17p to 0.2p net. Earnings per 10p share rose from 1.182p to 1.23p. The directors repeat their forecast, made last October, of a total of 0.75p (0.64p).

Sound progress was made during the period by the housebuilding companies say the directors, and their diversification into sheltered housing is under way. The engineering interests of the group continued to make a useful contribution.

In the last full year pre-tax profits came to £724,000 on turnover of £13.51m.

* * *

Compared with a forecast of £300,000 for 1983, Miss World Group, floated on the USM last April, turned in taxable profits of £340,000, against £156,000 previously. Turnover moved ahead from £718,000 to £1.01m.

And, as forecast, the dividend for the year totals 3p net per 10p share with a final payment of 2p.

The directors state that a breakthrough was achieved for the first time, into the U.S. television market and with over 40 countries taking the show live or by syndication, "markets for future merchandising of the name are being rapidly established."

Profits for the year included interest receivable of £31,500, compared with £2,900, after interest payable £9,900 (£3,400) and were subject to tax of £149,100 (£64,000).

Earnings per share were 10.92p, against 5.59p.

* * *

Pre-tax profits more than doubled from £12.33m to £25.67m at Albright & Wilson for the year to December 26. Sales of this maker of chemicals and allied products, which is a subsidiary of Tenneco, expanded from £500.31m to £545.41m.

At the halfway stage profits increased from £6.68m to £14.83m.

The dividend has been raised from 2.95p to 7p net.

At the trading level profits rose from £24.89m to £36.96m from which interest took less at £11.3m (£12.56m).

Tax came to £5.88m (£4.79m) and minorities £854,000 (£650,000). The attributable balance emerged ahead from £6.89m to £18.93m. Extraordinary and other items amounted to £373,000 profits (£6.38m losses).

* * *

The interest rate for this week's issue of local authority bonds is 9⅝ per cent, down one-eighth of a percentage point from last week and compares with 10⅝ per cent a year ago. The bonds are issued at par and are redeemable on March 6 1985.

A full list of issues will be published in tomorrow's edition.

* * *

Utico Holdings, the South African tobacco and snack foods company which is 63.5 per cent owned by BAT Industries, suffered a 21 per cent drop in operating income in the year ended December 1983.

Income before tax and LIFO accounting adjustment dropped to R9.22m (£5.16m) against R11.65m, while turnover rose by 11 per cent to R149.8m against R134.7m.

The snacks division's profit margins fell sharply during the first half of the year as the drought badly affected potato supplies and prices.

* * *

Including the results of Sterling Life, profits before tax of Argyle Trust came to £278,000 for the 1983 year, against £395,000. There was continued strong growth in the subsidiaries engaged in secured consumer lending, the directors report.

Income totalled £4.64m (£3.66m). Tax takes £141,000 (credit £16,000), there are no minorities this time (£8,000) but extraordinary debits of £312,000 (credit £464,000) including demerger costs of Dewey Warren £232,000. Earnings are shown at 0.66p (2.06p) and the dividend is 0.5p.

This document contains particulars given in compliance with the regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Burmatex PLC and its subsidiaries ("the Group"). The Directors of Burmatex PLC ("the Company") have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the whole of the share capital of the Company, issued and to be issued fully paid, to be admitted to the Official List. Copies of this document, together with the documents specified herein, have been delivered to the Registrar of Companies for registration.

BURMATEX PLC

(Incorporated in England under the Companies Act 1948 No. 596536)

Placing by Robert Fleming & Co. Limited of 1,932,000 Ordinary shares of 10p each at 155p per share

payable in full on application

SHARE CAPITAL

Authorised		Issued and to be issued fully paid
£900,000	Ordinary shares of 10p each	£700,000

The Ordinary shares now being placed rank in full for all dividends declared or paid on the ordinary share capital of the Company after the date hereof.

INDEBTEDNESS

At close of business on 10th February, 1984, apart from a bank overdraft of £5,000 and apart from intra-Group liabilities, no member of the Group had any outstanding or created but unissued loan capital (including term loans), mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities. On 10th February, 1984 the Group had cash balances at bank amounting to £748,000.

Directors	**Joseph Brian Burrows**, *Chairman* **Richard John Clark**, *Managing Director* **David John Pimblett**, *Production Director* **Eric Blackburn**, *Sales Director* **Jean Burrows**, *Non-executive Director* All of Victoria Mills, The Green, Ossett, West Yorkshire WF5 0AN
Registered Office	Victoria Mills, The Green, Ossett, West Yorkshire WF5 0AN
Secretary	*Anthony Denbigh-White, ACIS*
Financial Advisers	**Robert Fleming & Co. Limited**, 8 Crosby Square, London EC3A 6AN
Stockbrokers	**de Zoete & Bevan**, *25 Finsbury Circus, London EC2M 7EE* and The Stock Exchange **Rensburg & Co.**, 14-16 Queensgate, Bradford BD1 1RB and Leeds and Liverpool
Reporting Accountants and Joint Auditors	**Arthur Andersen & Co., Chartered Accountants**, St. Paul's House, Park Square, Leeds LS1 2PJ
Joint Auditors	**Alexander, Sagar & Co., Chartered Accountants**, *31 Clarendon Road, Leeds LS2 9PE*
Solicitors to the Company	**Booth & Co.**, Phoenix House, South Parade, Leeds LS1 1HQ **Ford & Warren**, 5 Park Square, Leeds LS1 2AX
Solicitors to the Placing	**Macfarlanes**, 10 Norwich Street, London EC4A 1BD
Bankers	**Barclays Bank PLC**, 30 Bank Street, Ossett, West Yorkshire WF5 8NN
Registrars	**Barclays Bank PLC**, Registration Department, Radbroke Hall, Knutsford, Cheshire WA16 9EU

SUMMARY OF INFORMATION

The following information should be read in conjunction with the full text of this document:—

Business
The Group manufactures and sells fibre bonded carpet and loose lay carpet tiles in a variety of colours and textures, principally for commercial and institutional use.

Trading record
The turnover and profit before taxation of the Group for each of the five years ended 30th November, 1983 were as follows:—

Year ended 30th November,	*Turnover* £'000	*Profit before taxation* £'000 *(see note 1)*
1979	2,603	308
1980	3,297	452
1981	3,744	568
1982	4,639	1,040
1983	5,976	1,343

Profit forecast
The Directors have forecast that the profit before taxation and extraordinary items of the Group for the six months ending 31st May, 1984 will be approximately £750,000, excluding £16,000 of realised investment gains. For the purposes of comparison, the unaudited profit before taxation of the Group for the six months ended 31st May, 1983 was £558,000, excluding £36,000 of realised investment gains.

Placing statistics

Placing price per share	155p
Market capitalisation	£10.85 million
Net dividend per share	5.0p
Dividend cover	2.2 times
Gross dividend yield	4.6 per cent.
Net tangible assets	£3.35 million
Net tangible assets per share	47.8p

Earnings statistics

Historic earnings per share	
—notional 52 per cent taxation charge	9.2p
—actual taxation charge	11.1p
Historic price earnings multiple	
—notional 52 per cent taxation charge	16.8 times
—actual taxation charge	14.0 times
Annualised earnings per share (see note 2)	10.4p
Annualised price earnings multiple (see note 2)	14.9 times

Notes:
1. Profit before taxation includes investment gains/(loss) as detailed under Trading Record.
2. The annualised earnings per share and price earnings multiple are based on the sum of the profit before taxation for the six months ended 30th November, 1983, the profit forecast for the six months ending 31st May, 1984 and realised investment gains, and after a notional 52 per cent taxation charge.

The following is the text of a letter to Robert Fleming & Co. Limited ("Robert Fleming") which has been received from Brian Burrows, Chairman of the Company.

The Directors,
Robert Fleming & Co. Limited

27th February, 1984

Dear Sirs,
I have pleasure in providing you with the following information relating to the Group, in connection with your placing of shares in the Company.

Introduction
The Company is the parent and principal operating company of the Group. The business of the Group, which is based at Ossett, West Yorkshire, is the manufacture and sale of fibre bonded carpet and loose lay carpet tiles in a variety of colours and textures mainly for commercial and institutional use. These products are sold to the UK contract floorcovering market. The Directors believe that the Group is the only manufacturer in the UK which specialises in the production of fibre bonded carpet and loose lay carpet tiles.

Over the five years to 30th November, 1983 sales have risen from £2.6 million to approximately £6 million, and during this period profit before taxation has grown at a compound rate of 44 per cent. per annum from £0.31 million to £1.34 million.

History
The business, which became known as J. & F. Burrows Limited ("J. & F. Burrows"), was established in 1917 on the site which is still occupied by the Group. Initially involved in the merchanting of rags, the business by 1940 had developed into the processing of textile waste and synthetic materials for resale to the textile industry as a relatively inexpensive additive to new fibre.

The business continued to develop its existing activities until, in the early 1960s, my father, Ronald Burrows, who had been appointed Chairman in 1956, recognised the contraction of the waste fibre market and sought ways to diversify the business. I joined the Company in 1964 and after considerable investigation we perceived the growth potential of fibre bonded carpet. In 1966, we decided to manufacture this new product using textile waste supplied by J. & F. Burrows.

The development of the new carpet manufacturing business entailed significant investment in new plant and machinery, and it was decided to carry on this business through R. & B. Textiles Limited, a company which my father and I owned. R. & B. Textiles Limited became the holding company of the Group in 1972 and changed its name to Burmatex Limited in 1973. I became Chairman in 1973, three years before my father died.

The carpet business grew steadily through the 1970s and the original single product was supplemented by new lines including, in 1972, the Burmatex "Velour" loose lay carpet tile. This product, which was developed by the Company, required the use of virgin fibres and thereby reduced the Company's dependence on textile waste. From the late 1970s national sales and distributor networks were established which have contributed significantly to the further expansion of the business.

The Company has continued to purchase carpet making plant, and over the last five years has invested some £1.5 million in further plant and equipment, resulting in a modern and efficient production unit. Included in this expenditure was some £0.4 million incurred on the installation of plant for an atactic polypropylene ("APP") carpet tile backing process which, until 1981, had been carried out by sub-contractors in West Germany and Switzerland. This important step meant that the entire production process, from the blending of fibres to the cutting of the carpet tiles, could be undertaken on one site, and resulted in a significant reduction in unit production costs.

Production
The Group manufactures a range of fibre bonded carpet products which is designed to cater for all types of commercial and institutional uses, from anti-static (2200 Antistat) and heavy duty (3300 Tuff-Plus) carpet roll, to the popular high quality Velour carpet tile suitable for office suites.

Fibre bonded carpet is essentially a felt of needled fibres which is bonded with resin to achieve a hard wearing finish. All the carpet is produced in roll form, but a significant proportion is subsequently backed and cut into tiles. The manufacturing process involves fibre blending, needle punching, bonding and, in the case of tiles, backing with APP.

Needle punching is a process which converts the blended fibres into an unfinished carpet and involves carding, layering and needling into a felt of fibres. This process is continuous and is not labour intensive. Where additional strength and stability of the carpet roll is required a textile scrim is introduced into the fibre mat. The use of APP, which is applied as a hot melt coating, results in a tile which has good laying behaviour, uniform thickness, satisfactory stiffness and resistance to slip. Since the middle of last year, a PVC coated glass fibre scrim has been introduced to the carpet during the APP backing process to improve the dimensional stability and tensile strength of the carpet tiles. To ensure that the high quality of products is maintained, regular checks are performed at each stage of production.

The addition of a new bonding line in 1983 enabled the Company to make full use of its four needle punching lines. This increased the Group's maximum production capacity for carpet roll to approximately 2.5 million square metres per annum, of which about 80 per cent. is currently utilised.

Products
There are five roll and five tile lines which provide a wide variety of colours, textures, pile depths and densities designed to meet both the practical and aesthetic needs of the Group's customers. In the year ended 30th November, 1983, carpet tiles, predominantly Velour, accounted for approximately 60 per cent. by value of turnover, while carpet rolls accounted for the balance.

The applications of fibre bonded carpet are similar to those of more conventional carpets, but it has the combined advantages of being inexpensive and very hardwearing. The recent developments in telecommunications and information systems hardware, which have necessitated frequent access to under-floor wiring, and the increasing use of movable partitions and open-plan interiors in modern offices have stimulated demand for carpet tiles. Burmatex carpet tiles have been designed to be easily removed and replaced, allowing office rearrangements without the inconvenience and expense associated with removing, replacing or repairing other floorcoverings such as broadloom carpet. Individual tiles that are worn or soiled may also be cheaply and easily replaced, and the average life of the floorcovering can be substantially increased by the rotation of tiles between areas of high and low wear.

Satisfactory performance of a carpet tile system requires a high degree of dimensional stability to prevent curling, shrinking, stretching or slipping. While some carpet tile systems need adhesives to achieve the necessary dimensional stability, the APP backing allows the Group's tiles to be loose lay, overcoming the need for general application of adhesive and allowing the user the full benefits of a carpet tile system.

Customers
The Group's principal market is in contract floorcovering in the UK. Burmatex products are competing not only with other brands of fibre bonded carpet but also with other types of floorcovering, such as linoleum and vinyl, and with other types of carpet. Any estimations of market share are difficult to determine as many types of floorcovering are substitutes for each other, and no comprehensive statistics are available. However, the Group has a substantial and increasing share of fibre bonded carpet production in the UK.

Carpets are sold both for new building projects and as replacements for existing floorcoverings. Sales to the replacement market are currently more significant and account for the majority of turnover. Many end users of the Group's products are local authorities, large corporations and nationalised utilities. However, sales directly to such organisations account for a small proportion of the Group's turnover, the majority of which results from sales to floorcovering distributors. No one customer accounted for more than 10 per cent. of turnover in the year ended 30th November, 1983 and the ten largest customers accounted for less than 35 per cent.

Distribution
During the past seven years, the Group has established a national distributor network of approximately 50 approved stockists. This method of distribution is considered to be the most effective, as stocks of the Group's products are held throughout the country, facilitating a rapid response to customer orders in a market which requires immediate availability of product.

Marketing
The UK sales force comprises eight area sales managers, all of whom have considerable sales experience in the floorcovering industry. Each sales manager is responsible for sales and customer relations for a particular geographical area. It is their responsibility to maintain contact with existing distributors and to develop contact with sources of potential new orders. The efforts of the sales force are reinforced by the Group's advertising in trade journals, exhibiting at trade fairs and organising the Burmatex Distributor Conference.

Project architects for new developments or the relevant officers for local authority work are a significant source of new work, as they specify the type of floorcovering to be used on particular contracts. The sales managers monitor new developments in their areas and call upon both architects and local authority officers to ensure that Burmatex products are considered when specifications are made.

The sales managers are also responsible for maintaining contacts with individual flooring contractors whose advice may often be sought on the most appropriate floorcovering for a particular project.

BURMATEX

BURMATEX PLC

This ensures that the qualities and properties of Burmatex products, as well as their pricing and availability, are made known to the contractors so that they can promote sales on the Group's behalf.

The Group's sales policy is to build a lasting relationship with customers based on the quality and availability of products at an acceptable price. This policy, supported by the national sales and distributor networks, is seen as the basis of continuing growth.

The Company considers that exports represent a significant growth market and, whilst exports in 1983 were only about 4 per cent. of turnover, trade is increasing. Recognising the importance of export sales, the Managing Director, assisted by an export sales manager appointed in January 1983, has taken specific responsibility for this area.

Suppliers

In view of the Group's long standing in the industry and its willingness and ability to pay its suppliers on a timely basis, no significant supply problems have been experienced with its raw material requirements. The Group's knowledge of, and good relations with, the textile waste trade over a long period have been a strength in this respect. Although the Group buys a large part of its raw materials from two major suppliers, these materials are also bought from other companies in order to maintain diversity and flexibility of supply.

Premises

The Group operates from a self contained 8 acre freehold site adjacent to the M1 in Ossett near Wakefield, West Yorkshire. Production, storage and administration occupy some 127,700 square feet of space in a number of buildings. Three new buildings have been erected since 1979 and a further warehouse, which is almost complete, will provide additional production space and warehousing totalling 14,000 square feet.

About 3½ acres of the freehold site remain available for future development. Planning permission for the erection of two single storey industrial buildings has been granted.

Directors

Brian Burrows, aged 40, is the Chairman and Chief Executive and also has responsibility for financial matters. He has been employed within the Group for 19 years since leaving Leeds University, where he was awarded a Diploma of Textile Industries. He was appointed a Director in 1968.

Richard Clark, aged 43, was appointed a Director in 1969, and has been Managing Director since 1976. He joined the Company in 1967 having spent five years with C. & A. Clark (Ossett) Limited, a family company involved in textile waste merchanting. He is a BA(Hons.) in Textile Design.

David Pimblett, aged 38, was appointed Production Director in 1977 having joined the Company in 1971. Previously he worked with Dunlop Semtex Limited, a manufacturer of floorcoverings.

Eric Blackburn, aged 53, was appointed Sales Director in 1979 having joined the Company in 1976. Previously he was the North and Midlands Sales Manager of Gerland Limited, a manufacturer of floorcoverings.

Jean Burrows, aged 56, the widow of Ronald Burrows, joined the Board in 1984 as a Non-executive Director.

All the executive Directors have entered into service contracts with the Company, brief particulars being set out in paragraph 5 of Statutory and General Information. The terms of these contracts include a profit sharing scheme for all the executive Directors based on profit before taxation of the Group in excess of £1.5 million.

Employees

The senior managers of the Group are:—

Name	*Position*	*Age*	*Years with the Group*
Ronald Hill	Director of J. & F. Burrows	56	26
Rodney Kay	Backing Plant Manager	43	3
Anthony Denbigh-White	Company Secretary	30	8

The Group currently employs a further 112 permanent staff of whom 89 are involved in production and servicing, 9 are sales staff and 14 are administrative. Relations with the employees are excellent. In addition to wages and salaries, which are reviewed annually, the Group maintains bonus schemes, for sales staff linked to target sales performance and for production employees based on production targets. The Group is not contracted out of the State Pension Scheme and the executive Directors and certain staff participate in a contributory scheme.

A "Save As You Earn" share option scheme, open to all employees, has been approved subject to admission of the Company's share capital to the Official List and the receipt of Inland Revenue approval. Brief particulars of this scheme are set out in paragraph 6 of Statutory and General Information.

Trading Record

The following table, extracted from the Accountants' Report in Appendix I, summarises the adjusted historical cost results of the Group for the five years ended 30th November, 1983:—

	Years ended 30th November, 1979 £'000	1980 £'000	1981 £'000	1982 £'000	1983 £'000
Turnover	2,603	3,297	3,744	4,639	5,976
Trading profit	308	449	569	919	1,216
Investment gains/(loss)	—	3	(1)	121	127
Profit before taxation	308	452	568	1,040	1,343
Trading profit margin	11.8%	13.6%	15.2%	19.8%	20.3%

Turnover has grown consistently in each of the five years to 30th November, 1983 and by 130 per cent. overall. The growth in demand for the Group's products has largely resulted from the increase in popularity of fibre bonded carpet and the establishment of national sales and distributor networks.

In the same period, trading profit has almost quadrupled. The substantial improvement in trading profitability is largely due to the commissioning of a tile backing plant late in 1981, which has resulted in significant savings in freight and subcontractor costs. Continuing investment in plant and machinery, which has improved efficiency, and the Group's ability to expand turnover without increasing overheads proportionately have also contributed to this improvement.

Investment gains/(loss) arose on the sale principally of government securities in which surplus liquid funds had been invested from time to time. The only taxation payable on these gains was £3,000.

Reasons for the Placing

The placing of 1,932,000 Ordinary shares is being carried out in order that certain of the shareholders may realise part of their holdings. The existing shareholders, who, following the placing, will still hold 72.4 per cent. of the issued share capital, have undertaken that, without the prior consent of Robert Fleming, they will not dispose of any shares in the Company for a period of two years following the placing and for a further three years thereafter will restrict their individual disposals in any one year to 5 per cent. of the total issued share capital of the Company.

The placing will allow access to the market, and consequently a readily ascertainable value for the Company's shares. The creation of a market in the Company's shares will also enable employees to participate more fully in the growth of the Company. Although no proposals are currently under consideration, the Directors believe that opportunities may arise in the future to make suitable acquisitions in similar or related fields, which a listing would facilitate. The Directors believe that a market in the Company's shares will not only aid the growth of the Group but also enhance its corporate image.

Working Capital

The Directors are of the opinion that the Group has adequate working capital for its present requirements from its existing financial resources.

Profit Forecast

On the basis of the assumptions set out below in Appendix II, the Directors forecast that, in the absence of unforeseen circumstances, the profit before taxation and extraordinary items of the Group for the six months ending 31st May, 1984 will be approximately £750,000, excluding £16,000 of realised investment gains. For the purposes of comparison, the unaudited profit before taxation of the Group for the six months ended 31st May, 1983 was £558,000, excluding £36,000 of realised investment gains.

Price Earnings Multiple

The profit before taxation and extraordinary items of the Group for the twelve months ending 31st May, 1984 will, on the basis of the profit forecast, be £1,515,000, including realised investment gains of £107,000. After a notional 52 per cent. taxation charge, this would produce earnings per share of 10.4p. At the placing price of 155p this is equivalent to a price earnings multiple of 14.9 times.

Dividends

It is the intention of the Directors, in the absence of unforeseen circumstances, to recommend dividends of 5.0p per share (equivalent to 7.14p per share with the associated tax credit) in respect of the financial year ending 30th November, 1984, payable by way of an interim dividend of 2.0p net, in September 1984, and a final dividend following the Company's Annual General Meeting in March 1985. Such dividends would represent a gross yield of 4.6 per cent. on the placing price.

Prospects

During the last five years the Group has become one of the market leaders in the manufacture of fibre bonded carpet. The Directors intend to expand the product range to include other textures which are now technically achievable. The Company is also introducing to the UK market a low loop polypropylene tufted carpet tile, "Tivoli", launched by the Company in 1983 for sale in Japan. Other similar products are selling in high volume in the UK. Tivoli will complement the existing contract carpet tile range and should also initiate sales through existing distributors of Burmatex products for domestic use. An increase of over 25 per cent. is expected in total home sales, and exports, which doubled in 1983, are expected to redouble in 1984.

The increase in production capacity in 1983 has enabled the Group to respond quickly and accept orders required for speedy delivery. Further investment is being made in a fifth needle punching line and a second bonding unit, both of which should be in operation by the summer. A high rate of return on capital employed together with existing cash resources will enable the Group to remain self financing. Under the management of its experienced and enthusiastic senior executives, Burmatex is very well placed to achieve further profitable growth.

Yours faithfully,

BRIAN BURROWS,
Chairman,

APPENDIX I
ACCOUNTANTS' REPORT

The following is a copy of a report received from Arthur Andersen & Co., the Reporting Accountants.

St. Paul's House,
Park Square,
Leeds LS1 2PJ

27th February, 1984

The Directors,
Burmatex PLC,
Victoria Mills,
The Green,
Ossett,
West Yorkshire WF5 0AN

The Directors,
Robert Fleming & Co. Limited,
8 Crosby Square,
London EC3A 6AN

Gentlemen,

We have audited the balance sheet of Burmatex PLC ("the Company") and the consolidated balance sheet of Burmatex PLC and subsidiary companies ("the Group") at 30th November, 1983 and the related consolidated profit and loss accounts and statements of source and application of funds for the five years ended 30th November, 1983, prepared on the basis described in the accounting policies section below, in accordance with approved Auditing Standards.

Alexander, Sagar & Co. were sole auditors of the Group for the four years ended 30th November, 1982. We were joint auditors with Alexander Sagar & Co. for the year ended 30th November, 1983 for all Group companies, except Burmatex Tiles (Ireland) Limited, which was audited by McInerney Saunders, Chartered Accountants, Dublin.

The financial information presented below is based on the audited accounts for each of the four years ended 30th November, 1982, after making such adjustments as we considered necessary, and on the audited accounts for the year ended 30th November, 1983. The principal adjustments are to reflect the following changes in accounting policy —

(i) to restate the basis of valuing stock in accordance with Statement of Standard Accounting Practice 9;
(ii) to provide deferred taxation only to the extent that the Directors are of the opinion that such taxation may become payable in the foreseeable future, in accordance with Statement of Standard Accounting Practice 15, and
(iii) to provide depreciation on freehold buildings in accordance with Statement of Standard Accounting Practice 12.

In our opinion, the financial information shown below gives a true and fair view, for the purposes of the placing document, on the bases mentioned above, of the state of affairs of the Company and of the Group at 30th November, 1983 and of the profit and source and application of funds of the Group for each of the five years ended 30th November, 1983, on a consistent basis.

ACCOUNTING POLICIES

The significant accounting policies adopted in arriving at the financial information set out in this report are as follows—

a. Basis of preparation
The accounts have been prepared under the historical cost convention as modified by the revaluation of certain freehold land and buildings.

b. Consolidation principles
The Group accounts consolidate the accounts of Burmatex PLC and its subsidiaries. Inter-company transactions and balances are eliminated.

c. Turnover
Turnover represents the invoiced value of shipments made net of value added tax, trade discounts and returns.

d. Pension costs
Pension costs are determined on an actuarial basis and are charged to the profit and loss account as incurred.

e. Tangible fixed assets
Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Surpluses on revaluation are credited to a non-distributable revaluation reserve. Depreciation is provided to write off the cost or valuation of each asset over its expected useful life, as follows —

Freehold buildings	2½-4% straight line
Plant and machinery	10% straight line
Motor vehicles	25% reducing balance
Office equipment	10% reducing balance

f. Investment in subsidiaries
Investment in subsidiaries is stated at cost.

g. Stocks
Stocks are stated at the lower of cost and net realisable value. The cost of finished goods includes labour and an appropriate portion of manufacturing overheads.

h. Investments
Investments are stated at the lower of cost and market value.

i. Taxation
Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided at the current rate of taxation to the extent that the Directors are of the opinion that such taxation may become payable in the foreseeable future.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Note	*Years ended 30th November* 1979 £'000s	1980 £'000s	1981 £'000s	1982 £'000s	1983 £'000s
Turnover	1	2,603	3,297	3,744	4,639	5,976
Cost of sales		1,852	2,248	2,519	2,830	3,718
Gross profit		751	1,049	1,225	1,809	2,258
Other operating expenses	2	448	620	730	966	1,130
Operating profit		303	429	495	843	1,128
Investment income	3	5	20	74	76	88
Trading profit		308	449	569	919	1,216
Gain(loss) on disposal of investments		—	3	(1)	121	127
Profit before taxation		308	452	568	1,040	1,343
Taxation	4	61	74	138	327	565
Profit for the financial year		247	378	430	713	778
Dividends	5	1	2	2	2	2
Retained profit for the year		246	376	428	711	776
Earnings per share	6	3.5p	5.4p	6.1p	10.2p	11.1p

Profit before taxation is stated after charging the following:—

	1979	1980	1981	1982	1983
Depreciation	65	89	161	189	206
Directors' emoluments	73	108	109	140	208
Auditors' remuneration	4	4	5	5	15

COMPANY AND CONSOLIDATED BALANCE SHEETS

	Note	*30th November, 1983* Company £'000s	Group £'000s
Fixed Assets			
Tangible assets	7	1,445	1,658
Investment in subsidiaries	8	63	—
		1,508	1,658
Current Assets			
Stocks	9	508	928
Debtors	10	810	810
Investments	11	838	838
Cash		656	657
		2,812	3,233
Creditors–Amounts falling due within one year	12	(1,644)	(1,469)
Net current assets		1,168	1,764
Total assets less current liabilities		2,676	3,422
Creditors–Amounts falling due after more than one year	13	—	(74)
		2,676	3,348
Capital and Reserves			
Called up share capital	14	3	3
Share premium account	15	21	21
Revaluation reserve	15	—	183
Capital reserve	15	—	127
Profit and loss account	15	2,652	3,014
		2,676	3,348

STATEMENTS OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

	Years ended 30th November 1979 £'000s	1980 £'000s	1981 £'000s	1982 £'000s	1983 £'000s
Source of Funds					
Profit after taxation	247	378	430	713	778
Add (deduct) items not involving cash flow during the year					
—depreciation	65	89	161	189	206
—loss (gain) on disposal of tangible fixed assets	(19)	(6)	8	8	10
Total funds from operations	293	461	599	910	994
Proceeds from disposal of tangible fixed assets	36	15	23	37	69
Increase in creditors falling due after more than one year	—	73	—	55	3
Proceeds from issue of Ordinary shares	2	4	7	4	3
	331	553	629	1,006	1,069
Application of Funds					
Dividends paid	1	2	2	2	2
Purchase of tangible fixed assets	179	372	501	554	428
Decrease in creditors falling due after more than one year	—	—	57	—	—
Increase in net current assets, as shown below	151	179	69	450	639
	331	553	629	1,006	1,069
Increase (Decrease) in Net Current Assets					
Stocks	125	(8)	(15)	208	385
Debtors	153	37	27	61	195
Creditors: amounts falling due within one year	(204)	(117)	(269)	(91)	(393)
	74	(88)	(257)	178	87
Movement in net liquid funds					
—cash at bank and in hand	27	317	(232)	33	511
—investments	50	(50)	558	239	41
	151	179	69	450	639

1. Segment Information
Contributions to Group turnover by geographical area were as follows:—

	1979 £'000s	1980 £'000s	1981 £'000s	1982 £'000s	1983 £'000s
United Kingdom	2,405	3,177	3,643	4,530	5,725
Exports	198	120	101	109	251
	2,603	3,297	3,744	4,639	5,976

2. Other Operating Expenses

	1979	1980	1981	1982	1983
Distribution costs	121	161	172	235	235
Selling and marketing costs	183	265	329	430	515
Administrative expenses	144	194	229	301	380
	448	620	730	966	1,130

3. Investment Income

	1979	1980	1981	1982	1983
Income from investments	—	—	26	43	49
Interest receivable and other income	5	20	48	33	39
	5	20	74	76	88

4. Taxation
(a) The tax charge in each of the five years ended 30th November, 1983 comprised corporation tax at 52 per cent. and is stated after taking account of stock relief, tax exempt chargeable gains and deferred taxation not provided.
(b) No deferred taxation is provided in the balance sheet at 30th November, 1983 because the directors are of the opinion that such taxation will not become payable in the foreseeable future and there is no indication that the situation will change thereafter.
(c) The full potential liability to deferred taxation at 30th November, 1983 was:—

	Company £'000s	Group £'000s
Excess of capital allowances over depreciation	639	665
Corporation tax that would arise if certain freehold land and buildings were to be disposed of at their revalued amounts	—	50

(d) If full provision for deferred taxation had been made the charge for taxation would have been increased as follows.—

	Years ended 30th November 1979 £'000s	1980 £'000s	1981 £'000s	1982 £'000s	1983 £'000s
Deferred taxation	80	133	139	144	51

5. Dividends
The only dividends declared by the Company during the five year period ended 30th November, 1983 were final dividends on the 'A' and 'B' Ordinary share capital.

6. Earnings per share
Earnings per share have been calculated by dividing profit after taxation for each year by the number of Ordinary shares which will be in issue following the placing of shares in the Company on 27th February, 1984.

7. Tangible Fixed Assets
(a) The net book value of tangible fixed assets comprised.—

	Freehold land and buildings £'000s	*Plant, equipment and motor vehicles* £'000s	*Total* £'000s
Company			
Cost	476	1,571	2,047
Accumulated depreciation	(20)	(582)	(602)
Net book value	456	989	1,445
Group			
Cost	476	1,686	2,162
Valuation	195	—	195
	671	1,686	2,357
Accumulated depreciation	(36)	(653)	(699)
Net book value	635	1,033	1,658

Freehold land included in the above valuation at £94,000 is not depreciated.

(b) Basis of valuation
Certain freehold land and buildings, with an original cost of £29,700, were professionally revalued on an existing use basis at 3rd October, 1980.

8. Investment in subsidiaries
The Company's subsidiaries at 30th November, 1983, all of which are wholly-owned, were:—

Subsidiary	*Principal activity*	*Country of incorporation*	*Issued and fully paid share capital (Ordinary shares)*
J. & F. Burrows Limited	Textile waste processing	England	80,000 of £1 each
Burmatex Tiles (Ireland) Limited	Carpet tile distributor	Eire	100 of IR £1 each
Burrows Exporters Limited	Non-trading	England	5,000 of £1 each

9. Stocks

	Company £'000s	Group £'000s
Raw materials	—	417
Finished goods	508	511
	508	928

10. Debtors

	Company £'000s	Group £'000s
Amounts falling due within one year		
Trade debtors	730	739
Due from subsidiary	19	—
Other debtors	34	34
Prepayments	27	37
	810	810

11. Investments
Investments comprised listed UK government securities.

	Company and Group £'000s
Cost	838
Aggregate market value at 30th November, 1983	869

12. Creditors—Amounts falling due within one year

	Company £'000s	Group £'000s
Trade creditors	405	533
Due to subsidiaries	401	—
Other creditors		
—corporation tax payable	522	562
—value added tax	109	109
—social security and PAYE	97	118
Proposed dividend	2	2
Accruals	108	145
	1,644	1,469

13. Creditors—Amounts falling due after more than one year
This balance comprised corporation tax payable.

14. Called up share capital—

Authorised—	
'A' Ordinary shares of £1 each	£3,000
'B' Ordinary shares of £1 each	500
	£3,500
Allotted, called up and fully paid—	
'A' Ordinary shares of £1 each	£3,000
'B' Ordinary shares of £1 each	500
	£3,500

On 11th May, 1983 20 'B' Ordinary shares of £1 each were issued, for cash, at a premium of £2,939.

On 14th February, 1984 each of the 500 'B' Ordinary shares of £1 was reclassified as an 'A' Ordinary share of £1 and each of the resulting 3,500 'A' Ordinary shares of £1 was reclassified as an Ordinary share of £1 and subdivided into ten Ordinary shares of 10p each.

On the same date the authorised share capital was increased to £900,000 by the creation of 8,965,000 Ordinary shares of 10p each and 6,965,000 Ordinary shares of 10p each were allotted to the existing shareholders, credited as fully paid, by way of capitalisation of reserves.

15. Reserves

	Company £'000s	Group £'000s
Non-distributable		
—share premium account	21	21
—revaluation reserve	—	183
—capital reserve	—	127
Distributable		
—profit and loss account	2,652	3,014
	2,673	3,345

The movement on Group reserves in the five years ended 30th November, 1983 was.—

	Share premium account £'000s	*Revaluation reserve* £'000s	*Capital reserve* £'000s	*Profit and loss account* £'000s
As at 1st December, 1978	1	126	127	444
Retained profit for the year	—	—	—	246
Premium on allotments	2	—	—	—
As at 30th November, 1979	3	126	127	690
Retained profit for the year	—	—	—	376
Premium on allotments	4	—	—	—
Surplus on revaluation of freehold property	—	90	—	—
As at 30th November, 1980	7	216	127	1,066
Retained profit for the year	—	—	—	428
Premium on allotments	7	—	—	—
As at 30th November, 1981	14	216	127	1,494
Retained profit for the year	—	—	—	711
Premium on allotments	4	—	—	—
As at 30th November, 1982	18	216	127	2,205
Retained profit for the year	—	—	—	776
Premium on allotments	3	—	—	—
Transfer	—	(33)	—	33
As at 30th November, 1983	21	183	127	3,014

BURMATEX

APPOINTMENTS

New Lake & Elliot chief

Mr Alan D. Harris has been appointed *director and chief* executive of LAKE & ELLIOT. He was formerly managing director of engineering services and international division of F. H. Lloyd Holdings. As director and chief executive of Lake and Elliot he will be appointed chairman of the main subsidiary companies, including Hindle Cockburns, Hindle Stainless Valves, Spensall Engineering, Lake and Elliot Founders and Engineers and Darenth Equipment.

★

Mr Ralph Skilbeck and **Mr Philip Vivian** have been elected partners of EGON ZEHNDER INTERNATIONAL in London. Mr Skilbeck was formerly in the diplomatic service and a consultant with Arthur D. Little. Mr Vivian was formerly group personnel director of Letraset International and a senior associate with McKinsye and Co.

★

Mr Roger Boissier, a part-time member British Gas Corp, formerly managing director, Alton and Co, and director, Whessoe, has been appointed a director of PRESSAC HOLDINGS.

★

Mr Douglas A. Joll and **Mr Robert H. Brazier** have been appointed to the board of MCD GROUP.

★

Mrs Mary Baker, until recently chairman of the London Tourist Board, has been appointed to the board of the LONDON DOCKLANDS DEVELOPMENT CORP.

★

Mr Alastair Dacre Lacy, managing director of the wholly-owned Technicare group of companies, has been appointed to the main board of TURRIFF CORP. **Mr John MacArthur** has resigned as a non-executive director.

★

Changes have been made to the management structure of the NEL GROUP. Marketing activities will be directed by a senior management team comprising **Mr G. N. Dingsdale**, the group's general manager, **Mr S. H. Chambers**, assistant general manager (marketing), who heads NEL's marketing division and **Mr G. Webster**, assistant general manager (PHI) who will be responsible for marketing the group's permanent health insurance contracts. Senior positions have also been created in order to rationalise the group's administrative functions. The group's actuary **Mr M. R. Field**, has been appointed general manger and actuary. **Mr B. T. Jones**, who was previously assistant general manager (pensions) has been appointed assistant general manager (technical administration) *with responsibility for the administration of the group.* **Mr D. L. Edwards** becomes assistant general manager (finance) and **Mr G. J. Hockings** has been made deputy actuary.

★

Mr W. B. Black, chairman and managing director of W. B. Black & Sons (Holdings), has been appointed chairman of T. W. WARD (INDUSTRIAL DISMANTLING).

★

WESTERLY YACHTS has appointed **Mr Geoff Crawford** as managing director. He joins

Mr Geoff Crawford, managing director of Westerly Yachts

Westerly from Peter Brotherhood where he was managing director.

★

Mr Colin Pemberton has been appointed to the board of CUSTOM COILS, Eastleigh, a Capper Neill company as sales and marketing director. He was previously with the Prestcold Group.

★

TI GROUP has made the *following appointments from* March 1. **Mr S. Taylor** is to be responsible for those businesses which are important suppliers to the automotive industry. He is appointed chairman of TI Silencers and TI Cox and a director of Fulton (TI). He will be appointed a director of TI Industries of Canada and will succeed **Dr J. Sawkill** as chairman on November 1. **Mr G. R. Mackenzie** will be responsible for the UK steel tube businesses and is appointed chairman of TI Tube Products, TI Desford Tubes, TI Stainless Tubes, TI *Tubes, and TI Accles & Pollock,* and a director of Seamless Tubes. Mr Taylor joined TI in 1977 and has been managing director of the TI Silencers group. Mr Mackenzie has been managing director of TI Interlock/Wichita and of TI Power Transmissions. From 1981 *to* 1983 he was seconded to the Government Central Policy Review staff.

★

TYMSHARE UK has appointed **Mr Jerry Goldman** its managing director. He was area manager.

★

Mr Neil Smith has been appointed to the board of TATE ACCESS FLOORS, the UK subsidiary of Tate Architectural Products Jessup, U.S.

★

Ms Nicola Brookes, Mr Bill Avery and **Mr David Taylor** have been appointed directors of AMARI, the main operating subsidiary within the Amari Group. **Mr Michael Ward Thomas** of BP has become non-executive chairman of Amari Holdings. Mr Ward Thomas and **Mr Peter Bolitho** have resigned from the board of Amari.

★

BRITISH AIRPORTS INTERNATIONAL has appointed **Mr Don Turner**, planning director of the British Airports Authority, as its chairman. He is also a full-time member of the BAA's board, having been first appointed in 1975 as planning director.

★

Following the departure of **Mr Graham Hearne** on March 1, **Mr John Leonard** takes over the duties of group chief executive of CARLESS, CAPEL and LEONARD until a long-term successor is appointed.

★

Mr Gordon D. Harris and **Mr Roger M. Taylor** have been appointed directors of ARBUTHNOT FACTORS, a member of the Dow Scandia Holdings Group.

CONTRACTS

£7.5m work for A. McAlpine

ALFRED McALPINE MANAGEMENT CONTRACTING has two contracts totalling £7.5m. The largest, worth £4.5m, has been awarded by Grosvenor Estates to co-ordinate work on the revitalisation of the Grosvenor Precinct, Chester. The company will act as managing contractors of the first phase of the improvement scheme for the Chester Shopping Precinct. The planned investment by Grosvenor Developments is £6m. Phase One of the project, which began in January, will cost about £1.5m and includes provision of a 20,000 sq ft store for Waring and *Gillow, upgrading the malls* and improving fire defences. The second phase, planned to start early in 1985, will see major changes to St. Michael's Square, including relocation of the restaurant, and new central features. Development of the *third phase* will take place at the western end of St. Michael's Square. British Aerospace has awarded a £3m contract to manage design and construction of the roof of the aircraft assembly hall at Filton, Bristol. The work must be carried out *without affecting the routine* round-the-clock activities of British Aerospace within the hangars. The building comprises three separate bays, giving a total clear span of 360 ft and an enclosed area of 390,000 sq ft. The height at the centre of each *arch is 110 ft. It is constructed* of structural steelwork, and clad in glass and asbestos cement sheeting. The contract is over a two-year period.

★

The general works department of **BALFOUR BEATTY CONSTRUCTION (SCOTLAND)** has been warded two contracts. The first, awarded by Associated Dairies with a value of over £74,000 is for a canopy at the Asda Superstore, Coatbridge. *The steel canopy, to be erected* over the existing goods entrance, will have a 30 metre clear span. The second contract in Edinburgh is for a barley outloading facility at No 8 harbour, Leith Docks, awarded by the Fourth Ports Authority with a value *over £285,000, it will* provide hardstanding and weighbridge foundations with associated drainage.

The building services unit of Balfour Beatty Construction has been awarded two contracts. The first by Metropolitan Developments is valued at over £505,000. The eight-month contract comprises construction of five shops at ground level, and 24 flats on the upper floors, at 13-25 May Street, Bridgeton, Glasgow. The second, valued at over £700,000, has been awarded by Sandiford Housing Association. The 10-month contract comprises rehabilitation of six tenement properties in Glasgow: in Kent Road; Argyle Street; and Claremonth Street. Balfour Beatty Construction is a member of the BICC Group.

★

GORDON NORTH has won contracts *totalling nearly £5m.* Wedge Potteries has awarded a £1.5m contract for office and industrial refurbishment at Stamford Street, SE1, and London County and Midland Trust has placed a £1.75m order for high technology multi-storey factory *units at Dock Street, E1. Other* work includes: refurbishment of a listed building and office extension under raised roof, Blackfriars Road, SE1, value £520,000; phase one of refurbishment of a factory estate at Fairclough Street, E1, value £260,000; and *renovations to National Westminster* Bank's Haymarket premises, value £53,000.

★

CLUGSTON CONSTRUCTION has been awarded contracts totalling £3m. These include two contracts from The Anglian Water Authority *for a reinforced* concrete service reservoir at Elsham, near Brigg, £550,000; and phase two of the Humberston trunk main at Waltham, Grimsby, at £325,000. Building contracts totalling £1m include a living block at Wetherby for the prison department of the Home Office, plus remedial works to a subway at Lowdham Grange for the same client, and a laboratory block at Scunthorpe for Appleby Slag Co.

★

The **MILLER BUCKLEY GROUP** has contracts worth over £2m. Work includes a £417,000 order placed with Miller Buckley Construction by Okus Properties, for a 21,000 sq ft industrial unit as phase one of the Bumpers Farm Development, Chippenham, Wiltshire. *Miller Buckley Parnell* has a contract for refurbishment work worth £498,000 at Hackney, for the GLC.

Miller Buckley Construction has won contracts totalling over £1m for work in the North-east. A £617,000 contract has been awarded by Aycliffe Development Corp for three office blocks at Aycliffe, Co Durham. The 27-week contract has started, and is expected to be completed in August. And Gateshead Metropolitan Borough Council has awarded a design-and-build contract for additional lift shafts and a new access road, at St Oswalds Court, a multi-storey block of flats at Felling.

★

BROWN BROTHERS AND COMPANY, Vickers-owned marine engineering company, Edinburgh, has won its first offshore engineering order from Japan *with a £3m contract for special* equipment for Japanese drilling ships. The order, placed by Hitachi Zosen Corp of Osaka, calls for drill string motion compensators and tensioner systems for two drill ships being built in Japan for the Indian Oil and *Natural Gas Commission to drill* in Indian waters. The first shipment is due for delivery in August, with the second set in April 1985.

£4m order for Norwest in Manchester

A £4m contract has been awarded by Guardian Royal Exchange Assurance to *NORWEST HOLST CONSTRUCTION* for the redevelopment and refurbishment of the historic Ship Canal House, Manchester. Work starts next month for completion by summer 1985. The site includes Atlas Chambers and Lombard Chambers, also listed buildings. Integrating all three buildings will provide some 86,000 sq ft of office space, together with banking hall and showroom facilities and basement car parking.

★

FAIRCLOUGH SCOTLAND is refurbishing 120 houses at Livingston, near Edinburgh, near a £412,000 contract for Livingston Development Corp.

★

The Welsh Development Agency has awarded a £505,000 contract *for an extension to Motil Plastics* at Aberbargoed. The Agency has contracted **R. M. DOUGLAS (CONSTRUCTION)** to build a 23,000 sq ft administration and storage facility to link with the existing factory. Work will be completed by the autumn.

TSL calls for £1.1m as losses accelerate

By William Dawkins

LOSSES HAVE deepened at **TSL Thermal Syndicate**, manufacturer of vitreous silica, fused magnesia and oxide ceramics, and the group is calling on its shareholders for £1.1m.

The board is proposing to issue 2,359,631 new ordinary 25p shares on the basis of one new share for every three held at a price of 50p each. The new shares will not rank for dividends for the year to October 1983, but thereafter dividends will be paid in full.

Kleinwort, Benson Investment Trust and Britannic Assurance Company have undertaken to take up their rights, totalling 444,437 new shares, and the rest of the issue has been underwritten by Kleinwort, Benson. The brokers are Foster & Braithwaite and W. Greenwell.

Allotment letters will be posted on March 22, and dealings in the new shares are expected to begin a day later.

In the year to last October, the group's pre-tax losses increased from £918,000 to £1.6m on turnover down from £12.3m to £12.26m. The interim dividend was omitted, but the directors are recommending a nominal final of 0.1p net, against the previous year's total of 1p net.

Extraordinary losses rose from £281,000 to £662,000, of which £124,000 relates to the closure of TSL's U.S. subsidary, Refractory *Welding & Fabrication. Losses* per share rose from 12.34p to 22.28p.

The rights issue, plus a *Government grant of £500,000*, is to finance a £1.3m capital spending programme at TSL's main factory in Wallsend, Tyne and Wear. New production and computer control equipment is to be installed, and existing buildings are to be demolished or refurbished to improve work flow.

A new management team has been introduced and the sales force has been strengthened. Order books currently stand 49 per cent higher than the previous year's level and the group is concentrating only on products *where improved profit margins* are possible.

● comment

TSL Thermal promises that this will be nothing like the last rights issue two years ago, which *was drained off into the disas*trous venture in the U.S. which it has just pulled out of, and an wieldy R&D programme. Since then, the group has cut the number of employees by 36 per cent to 650, wielding the axe most heavily among non-productive support staff, and has attempted to restore a more equitable balance between R&D and production. Following the introduction of a new manage*ment team, its industrial prob*lems seem to be over, and it is weeding out unprofitable low margin lines. With no net debt and a solid asset backing, it could have kept its head above water without a second rights issue, so long as it continued to cut costs until it returned to the black as a smaller and sadder beast than it was two years ago. Instead, the directors feel confident enough about their markets for specialist *high technology materials to ex*pand—with the emphasis this time on production rather than research. The shares slipped 1p to 53p, where TSL is capitalised at £4.9m, ex-rights.

Bullough spends £6.5m on expansion

IN A CASH deal worth £6.5m, **Bullough**, the engineer and furniture maker, is acquiring **George Barker and Company** (Leeds), the manufacturer of refrigerated display cabinets and engineers.

The purchase is subject to the approval of Bullough shareholders who will be asked to vote on the acquisition at a general meeting. This will be held after the annual meeting on March 22.

Bullough has reached agreement with the founder families of Barker to acquire their shares. The consideration of £6.5m cash will be met from seven-year loan facilities made available by Bullough's bankers.

Barker also supplies a range *of refrigeration equipment for* retail stores and has collaborated with Marks and Spencer in the stores group's development *of refrigerated food sales. In* 1983, some 87 per cent of Barkers' sales went to Marks and Spencer.

For the year 1983 sales of Barker were £13.2m and profit before tax, but after exceptional costs, was *£1.26m. These costs,* including those associated with retiring directors, were £393,000 in 1983 and are expected to be *£224,000 from the date of acqui*sition to their termination date of December 31 1984.

Net assets of Barker at *December 31 1983 were £2.84m.*

Bullough's report and accounts for 1983 is being despatched to shareholders this week and a circular will be issued next week giving full details of the acquisition. The group said yesterday that another acquisition referred to in the preliminary announcement of its figures for the last financial year will be completed early next week, and *details will be given in the* circular.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the *subdivisions shown below are based* mainly on last year's timetable.

TODAY

Interims: Bensfords, Cope Allman International, William Jackson, Unigroup, V. W. Thermax.

Finals: Beradin, Coleman Milne, Edmond, General Accident Fire and Life Assurance, Heywood Williams, Marley, Olives Paper Mill, S.K.F., Tilley International.

FUTURE DATES

Interims—	
Berry Trust	Apr 27
Christy Brothers	Mar 8
Clark (Matthew)	Mar 20
High-Point Services	Mar 1
Polytechnic Marine	Mar 1
Finals—	
Delta	Mar 27
General Mining Union Corpn.	Mar 3
Hamilton Oil Great Britain	Mar 15
Jourden (Thomas)	Mar 7
Rea Brothers	Mar 6
United States Debenture Corp.	Apr 5

Reaffirmed projection of £3.8m from Valor

By David Dodwell

Mr Michael Montague, the chairman of **Valor**, the gas heater and cooker manufacturer that has mounted a £5.77m cash or shares bid for **Dreamland Electrical Appliances**, yesterday reaffirmed a forecast of pre-tax profits of "not less than £3.75m" in the year to March 1984.

This compares with profits of £2.65m last year.

The board of Dreamland, a Soutampton-based maker of electric blankets and fire detection equipment, has so far neither accepted nor rejected the offer, which involves five Valor shares *for every 21 ordinary shares in* Dreamland.

A cash alternative of 25p per Dreamland share is being provided by Hill Samuel, the merchant bank advising Valor.

Valor already owns a 29.9 per cent stake in Dreamland, with all but 4.2 per cent of this *acquired late in January from* Grovewood, the principal shareholder in Dreamland.

Mr Montague pointed out that immediately prior to the offer, Dreamland's middle market quotation was 20p. Compared with a cash offer of 25p, and a share offer worth about 28.6p at *current prices, the offer* "represents a substantial capital uplift," Mr Montague said. The first closing date for the bid is March 20.

G.B. Papers revises its forecast and predicts sharp rise

GB Papers, the Scottish-based paper maker which is the subject of £5.45m recommended cash offer from the James River Corporation of the U.S., has revised its trading forecast for the year to March 31.

Mr John Dick, the group's deputy chairman, says that when the directors made their interim statement last November it was thought that trading conditions in December and January might prove very difficult.

Shareholders are told that although a downturn appeared to affect some competitors' mills *the group's order book remained* healthy and it continued to benefit from unchanged pulp prices.

The group, formerly known as Culter Bridge Holdings, now forecasts that consolidated turnover, profit before tax and tax for the 12 months to March 31 1984 will be *approximately* £21.3m, £1.65m and £450,000 respectively.

For the 1982/83 year the respective figures were £19.25m, £544,000 and £61,000.

Mr Dick comments that during the current financial year the group has sold the major part *of the Culter site for £1.42m* which, subject to determination of tax liabilities, will give rise to an extraordinary gain, net of tax, of approximately £750,000 which is in addition to the profit forecast.

Looking beyond the current year demand is expected to remain firm, in line with the economic recovery in the UK.

However, Mr Dick says that the price of pulp (the group's principle raw material) is expected to increase sharply during 1984 and warns that any such substantial price increase "would have a materially adverse effect on the level of profitability of the company's main activities."

The formal document of the offer for GB Papers on behalf of a subsidiary of James River Corporation was issued yesterday.

The bid, worth 73p cash for each 25p share, was made earlier this month.

At that time Mr Dick said the deal would provide financial stability, access to new technology and new marketing outlets in the U.S.—James River is the largest maker of speciality paper products in America.

He pointed out that an extremely good fit existed between the two companies and *said he was optimistic about the* future. He expected good export possibilities in the U.S. for the group's top grade writing and coated papers.

Petrocon links with United Oilfield

Petrocon Group, which equips and services oil, petrochemical and process industries, said yesterday that terms had been agreed to merge certain United Oilfield Group interests with those of Swire-Petrocon, Petrocon's associate in South East Asia.

United is engaged in oilfield *tool rentals, principally in Malay*sia, and has a machine shop in Thailand.

In 1983 Petrocon Swire, which has tool rental interests in South East Asia, Australia and New Zealand, announced a joint venture with Oilfield Rental Services, a subsidiary of the Enterra *Corporation of the U.S.* This latest agreement, said Petrocon, will broaden further Petrocon-Swire's range of equipment and fishing services in the Far East.

BIDS AND DEALS IN BRIEF

F. H. Lloyd Holdings intends to acquire **Rollstud** of Wolverhampton for £950,000 cash.

An agreement has been entered into under which F. H. Lloyd is entitled to and can be called upon to purchase the shares of Rollstud on April 10 1984.

Rollstud is strongly established in Aberdeen, and is a supplier of fastenings to the oil, gas and petro-chemical industries.

Rollstud's turnover for the year ended January 31 1983 was £1,642,000 and profits before taxation were £223,000. Its net

* * *

Mr Christopher Moran, the former Lloyd's insurance broker, has increased his shareholding in Suter, the hairdressing, refrigeration and air conditioning group. He now holds 1.4m ordinary shares and 350,000 deferred shares, representing 9.46 per cent of the equity. He has been building up a stake in the group for the last few months and in December revealed that his stake amounted to more than 5 per cent.

* * *

West Coast Holdings has sold 2m shares and 6m options in sister company Command Petro*leum to Food Investments Pty.* The options have been converted into shares by Food Investments.

* * *

Grosvenor Group — Recommended cash offer to acquire 76.58 per cent of Backer Electric Co was closed February 3. Valid acceptances have been received *in respect of* 300,456 ordinary (54.6 per cent). Grosvenor has no interest in any other Backer shares.

* * *

P & T Holdings of Exeter has purchased the Tavistock vehicle accessory company, Fairey Winches, from Fairey Holdings, the engineering sector of S. Pearson & Son. The purchase price will be £25,000 on completion, and during 1984 an additional £25,000 plus a further *£25,000 dependent on certain* cash flow projections being met. The balance will become due and be paid from 1986 onwards at a minimum of £50,000 per annum and a maximum equal to the annual post-tax profits, up to an overall total of £405,000.

The purchase provides for the continuation of the present trading name during 1984 in view of the export market which the company has developed.

* * *

The West Midlands Enterprise Board has invested £225,000 in **Welding Robotics and Automation**, which is engaged in the design and production of high technology welding robotic systems.

MINING NEWS

First half operating loss for EZ Inds.

BY GEORGE MILLING-STANLEY

INDUSTRIAL DISPUTES, lower *metal prices and start-up difficul*ties at the new Elura operation in New South Wales have combined to cut the profits of **EZ Industries** in the 28 weeks to January 11.

Net profits for the period fell to A$6.2m (£4m) from A$12.5m in the first half of the last financial year, and the interim dividend has been cut from 3 cents to 2 cents per share on earnings of 5 cents against 11 cents. The final last year was *9 cents from* profits of A$29.2m.

The biggest contribution to profits came from the 30.96 per cent *holding in* **Energy Resources of Australia** (ERA), which operates the big Ranger uranium mine in the Northern Territory.

EZ's share of the profits of associated companies, principally ERA, was A$7.8m. Cash income of A$4.47m will accrue to EZ from ERA's declaration of a dividend of 5 cents per share, payable on May 31.

The other major contribution came from interest and dividends, notably from **North Broken Hill**, which totalled A$5.84m.

Apart from those items, EZ made a loss on its own operations of A$9.77m, which compares *with profits of A$1.11m in the* first half of last year and A$5.77m in the second half of 1982/83.

Higher zinc production and prices were not sufficient to offset the effects of prolonged industrial disputes at EZ's mining operations in Tasmania and New South Wales, lower prices for silver, gold and copper and difficulties with the early operations of the new mine and concentrator at Elura.

Compared with the first half of the previous year, silver prices were 19 per cent lower, gold 17 per cent lower and copper 13 per cent lower. Lead prices improved by just 3 per cent.

Zinc prices were 18 per cent higher in the period under review, even allowing for adverse exchange rate movements, and have increased still further since the close of the half-year.

Industrial disputes cost EZ 45 production days at its operations on the west coast of Tasmania and 26 days at Elura, compared with just seven days at both operations in the immediately preceeding six months.

Since the end of the period, Elura has lost a further 39 days and is still affected by strikes, while the Risdon operation in Tasmania lost 4,000 tonnes of zinc metal production earlier this month in a dispute over the *introduction of a 38-hour week.*

Consequently, the group made its forecast of a reasonable improvement in profitability in the current half conditional on the maintenance of satisfactory production rates, good cost control, no deterioration in metal prices and no adverse movement in currency parities.

The shares reacted to the announcement with a fall of 8p to 342p in London last night.

Progress expected at Eldorado Nuclear

CANADA'S government-owned **Eldorado Nuclear** formally signed a US$100m (£67m) floating rate Eurodollar financing in London yesterday.

Mr Nicholas Ediger, chairman, said the funds will go towards the group's C$550m (£300m) capital investment programme, which is geared to the ambitious aim of making Eldorado one of *the world's top five* uranium producers.

The group's uranium oxide production capacity will rise from the present 5m pounds a year from its Collins Bay operation in Saskatchewan to 7m lbs once the new Key Lake mine, in the same province, comes into commercial production. *This is* expected to be some time in this quarter.

Production from Key Lake will *be around 12m lbs a year,* making it the largest uranium producer in the world. Eldorado Nuclear has a one-sixth share through **Eldor Resources**.

The mine has a life expectancy of at least 20 years, with reserves from two open-cut deposits totalling more than 200m lb at an average grade of around 2 per cent.

The Collins Bay operation is somewhat smaller, with the current mine having reserves of only 30m lb. There are, however, a number of other deposits nearby, bringing the total reserves in the area, to something like 100m lb. All this material will be treated at Eldorado's Rabbit Lake processing plant.

Mr Ediger said that so far about half of Eldorado's production has been sold on long-term contracts at prices averaging around U.S.$30 per pound. This compares with a free market level which is still depressed at around $23.

Eldorado can make profits even at the current free market price, Mr Ediger said. That must be rated as quite an accomplishment at a time when U.S. utilities are selling surplus stocks on the free market to boost their cash position, *with this material being* bought by mines as many of them find it cheaper to buy at these levels than to mine their own *reserves.*

Burmatex forecasts £750,000 midway

*THE FULL prospectus is pub*lished today for the placing of 1.93m shares in **Burmatex**, Yorkshire-based carpets group, as a prelude to a quote on the Stock Exchange's full market.

Merchant banker Robert Fleming has placed the shares with institutional and private clients at 155p each, valuing the group at close to £11m. All the shares, representing 27.6 per cent of the equity, are being sold by exist*ing holders.*

Burmatex manufactures bonded carpets and loose lay carpet tiles for all types of commercial and institutional uses.

Turnover has grown from £2.6m in 1979 to about £6m for the year to November 1983. Over the same period profits have increased at a compound rate of 44 per cent from £0.3m to £1.34m.

The directors have forecast *that profits for the first half of* current year to May 31 1984 will be £750,000, excluding £16,000 of realised investment gains, compared with £558,000.

Taking a twelve month profit of £1.52m to May that drops the fully taxed historic p/e on the *placing price from 16.8 to 14.9.*

The directors are forecasting dividends per share of 5p for the financial year ending next November including an interim payment of 2p. That suggests a yield of 4.6 per cent at 155p. The dividend would be covered 2.2 times by historic profits to last November.

Net assets per share are put at 47.8p.

The group says that over the last five years it has become one of the market leaders in the manufacture of bonded carpets. The directors now intend to *extend the range and introduce low loop polypropylene tufted* carpet tiles, which will complement the existing contract carpet tile range and could open the door to the domestic market.

An increase of more than 25 per cent is expected in total home sales, and exports, which doubled in 1983, are expected to redouble in 1984.

A high rate of return on capital employed together with existing cash resources will enable the company to be self-financing, the prospectus claims.

Brokers to the issue are de Zoete & Bevan. Dealings start on *next Monday.*

Japanese fund launched by Lazard Bros.

Latest to join the list of specialist Japanese investment vehicles is Cayman Island-based **Japan International Fund** launched by Lazard Brothers.

The offshore fund will be an open-ended mutual institution appealing to both UK residents and non-residents alike, with the aim of investing in Japanese equities for capital appreciation. The fund will be quoted on the London Stock Exchange.

The prospectus issued today is for an offer for subscription of up to 9m participating redeemable preference shares of U.S. 1 cent each priced at $10 a time. Lazard is looking towards a fund of around $50m, though initially it only needs $3m of investment to get off the ground.

The intention of the directors is to concentrate on capital gain and it is likely that the income yield to investors in the fund will be small.

The investment policy will be restricted. Not more than 10 per cent of investments should be in any one company, the fund *should not own more than 10* per cent of a company and finally, no more than 10 per cent should be in unlisted securities.

Platon Intl. placing at 120p

A SHARE placing has been arranged by *Platon International*, manufacturer of instruments for fluid flow measurement and control, with a view to being dealt on the Unlisted Securities Market. The 25p ordinary shares have been placed at 120p.

Platon makes a range of instruments for measuring and control*ling the flow of fluids, with* customers ranging widely from the aerospace and defence industries to oil and gas, plastics and water treatment. It is claimed that in normal circumstances no one customer accounts for more than 1 per cent of turnover. *Almost 25 per cent of current* output is sold in export markets.

In the four years to end-March 1983, Platon's sales increased *from £1.45m to £2.27m. Pre-tax* profits in the period declined from £126,000 in 1979 toa loss of £101,000 in 1981, recovering to a profit of £205,000 in 1983. The losses in 1981 are attributed primarily to the actions of a member of senior management, no longer with the company.

Pre-tax profits in the six months to September 1983 were £160,000, on sales of £1.51m and *full year 1983-84 profits are fore*cast at around £375,000. It is not intended that a dividend should be paid.

Platon is reversing into a quoted shell company, Hawker Marris, a tableware manufacturer which went into receivership in 1981 and whose shares have since been suspended. Hawker Marris is to acquire G. A. Platon in exchange for shares, and is to change its name *to Platon International. Brokers* to the placing are Murray and Co, of Birmingham.

COMPANY NEWS IN BRIEF

Net asset value per share of **Investing in Success Equities** has increased to 591.8p at the year ended January 31 1984. This is compared with 513.6p at July 31 last and 420.5p at end 1982-83.

The dividend is increased from 5.18p to 5.32p net per 25p share with a final distribution of 4.06p. Earnings were down from £478,000 to £385,000, after tax £188,000 (£204,000), leaving a per share value of 6.29p (7.8p).

* * *

Full year net revenue of **First Scottish American Trust** emerged slightly lower at £1.62m, compared with £1.68m.

The result for the 12 months to January 31 1984 was struck after corporation tax of £192,000 (£379,000) tax imputation of £599,000 (£568,000) and other charges.

Earnings per share eased from 5.22p to 5.03p and the final dividend is held at 3.75p for an unchanged total of 5.15p.

Net asset value per 25p share at year-end was 277.2p (220.7p) compared with 256.3p as at July 31 1983.

* * *

At January 31 net asset value *per 25p share of investment trust* **Jos Holdings** totalled 113.4p, which compares with 90.3p at the end of January 1983. Net earnings for the six months ended January improved from £72,000 to £95,000, equal to 1.54p, against 1.17p, per share.

Partly to reduce disparity, the net interim dividend is being stepped up to 1p (0.86p)—the final is expected to be not less than last year's 2.14p. Investment income rose to £176,000 (£145,000). Interest took £13,000 (£26,000) and tax accounted for £50,000 (£32,000).

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Eurobond launches abound despite fall in prices, Page 38

WALL STREET

Spate of selling sets in afresh

FINANCIAL markets plunged on Wall Street yesterday, with stocks rapidly reversing the gains achieved late in the previous session and bond prices hit by another spate of selling by market dealers striving to lighten their swollen portfolios, *writes Terry Byland in New York.*

Also disturbing the markets was the worsening conflict in the Middle East, which threatens an escalation in world oil prices at the very least.

Further clarification by Mr Donald Regan, Treasury Secretary, of the Administration's policies towards the federal deficit were perceived in the stock market as a withdrawal of hints that tax increases might be under consideration.

The stock market slumped nearly 11 points in the first half-hour of trading, with turnover of 14.5m shares indicating the weight of selling pressure.

The Dow average was off at the close 22.82 at 1,157.14, having regained some ground from the 3pm drop of 25.12.

The setback gathered pace later when Mr Paul Volcker, the Federal Reserve chairman, repeated his warning that lower interest rates were unlikely unless the budget deficit was reduced.

The bond market turned down sharply when Mr Volcker added that the Fed had no flexibility to affect interest rates under present conditions.

Bond traders, who face a serious over supply position, as well as a persistent lack of retail demand for Treasury securities, began to unload bonds as the impact of Mr Volcker's words sank in.

Led downwards by a renewed slide in bond futures prices, the bond cash market recorded falls of about ¼ point, dropping dangerously close to the August low points which are the next crucial support line.

Among the market leaders, IBM at $110 lost $2⅞ and fellow computer manufacturer, Burroughs, fell $1⅜ to $45⅝.

Other leading industrial stocks to turn down included General Motors $1⅞ lower at $68¾; and General Electric $1 lower at $52⅛.

At the head of the active stocks list on the New York stock exchange was Gulf Oil, which rose $⅝ to $69 after making no immediate move on the latest developments in the bid situation. Gulf has asked its financial advisers to seek alternative bidders in order to ward off the unwanted approach from Mesa Petroleum, which gained $⅛ to $18⅝ yesterday.

There were some gains in the major oil stocks yesterday as investors measured the implications of the developments in the Middle East. Mobil put on $⅝ to $31⅝ and Standard Oil of Indiana at $54¾ added $⅛.

On the American Stock Exchange Petro-Lewis – which still faces financial problems in its oil search partnerships – gained $⅛ to $7⅝.

Tymshare, the technology company awaiting the next move from McDonnell Douglas, which has returned to bid for the second time, edged up by $⅛ to $23⅝.

A jump of $9⅝ took Crane to $39⅝, several dollars above the terms offered by the management group seeking to buy out the company. Investors hope for better terms for a rival bid for the group which numbers the major rail companies among its customers and is expected to benefit from the continued strength of the U.S. economy.

In the credit markets, Treasury bills – traditionally a haven for capital seeking safety in times of international turmoil – moved up sharply at first, but cooled off later. Early quotations of 9.22 per cent discount on three-month bills were four basis points above the rates established at Monday's auction, themselves the highest since September 6.

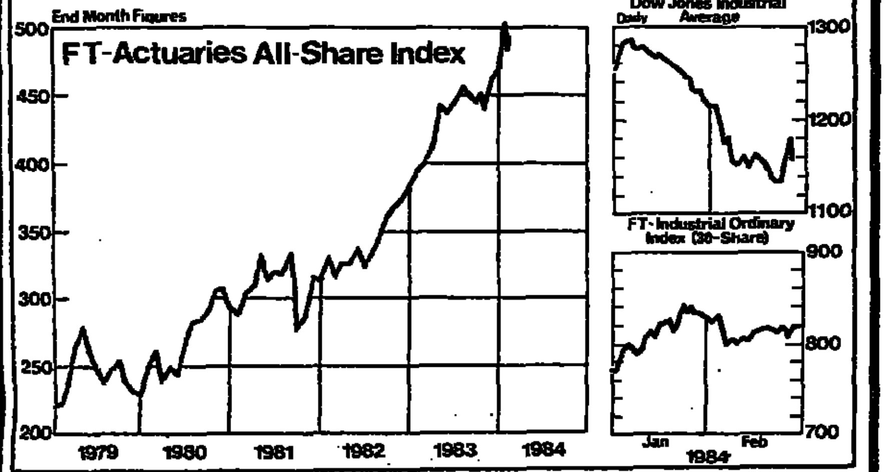
Later, three-month bills slipped to a 9.18 per cent discount and six-month bills to 9.31 per cent, showing only minor gains.

The bond market attracted some bear covering at midsession and early falls were reduced. The key long bond at 98²¹⁄₃₂ was three basis points off and yielding 12.16 per cent, but had been yielding 12.18 per cent earlier. The March delivery bond futures contract, traded until the end of next month, fell ⁹⁄₃₂ to 68¹¹⁄₃₂.

Dealers still have substantial lines of stock from the last Treasury funding on their books and yesterday brought another auction, this time of $6bn in five-year notes. The notes, on a when-issued-basis, have gained seven basis points in the market since Friday.

Also very weak were the 14 per cent Treasury bonds due 2011, which fell by 12 basis points.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Feb 28	Previous	Year ago
NEW YORK			
DJ Industrials	1157.14	1179.96	1112.62
DJ Transport	510.91	520.47	491.98
DJ Utilities	126.01	126.40	125.05
S&P Composite	156.82*	159.30	148.06
LONDON			
FT Ind Ord	819.10	819.10	641.60
FT-A All-share	493.42	493.45	402.31
FT-A 500	527.84	527.48	434.62
FT-A Ind	481 57	482.36	409.97
FT Gold mines	672.20	652 50	570.10
FT-A Long gilt	n/a	10.24	11.10
TOKYO			
Nikkei-Dow	10073.78	10071.48	8085.57
Tokyo SE	778.90	779.60	592.18
AUSTRALIA			
All Ord.	748.00	745.90	498.80
Metals & Mins.	521.90	522.50	443.60
AUSTRIA			
Credit Aktien	55.43	55.36	49.33
BELGIUM			
Belgian SE	141.35	141.62	107.33
CANADA			
Toronto Composite	2403.5	2422.60	2090.30
Montreal			
Industrials	424.98	426.86	357.65
Combined	407.41	408.95	349.44
...MARK			
...nhagen SE	193.05	191.45	115.30
...n	162.70	164.30	107.10
...dance	104.30	105.90	111.70
...RMANY			
...an	350.84	354.30	269.22
...zbank	1028.50	1039.20	806.90
...ONG			
...Seng	1041.56	1022.85	1021.55
...nca Comm.	220.90	222.17	203.02
NETHERLANDS			
ANP-CBS Gen	160.40	162.00	110.30
ANP-CBS Ind	131.70	133.10	97.00
NORWAY			
Oslo SE	249.01	247.60	144.39
SINGAPORE			
Straits Times	1023.69	1028.84	827.44
SOUTH AFRICA			
Golds	n/a	989.80	773.10
Industrials	n/a	986.40	824.50
SPAIN			
Madrid SE	116.42	117.40	102.87
SWEDEN			
J & P	1504.99	1518.66	1246.24
SWITZERLAND			
Swiss Bank Ind	370.90	371.60	312.80
WORLD	Feb 27	Prev	Year ago
Capital Int'l	182.80	181.40	183.00

GOLD (per ounce)

	Feb 28	Prev
London	$398.75	$394.25
Frankfurt	$399.25	$393.75
Zürich	$399.00	$393.50
Paris (fixing)	$399.54	$394.49
Luxembourg (fixing)	$400.50	$394.75
New York (March)	$395.00	$401.80

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Feb 28	Previous	Feb 28	Previous
$	–	–	1.494	1.4735
DM	2.601	2.634	3.8875	3.8825
Yen	233.4	233.2	349	344
FFr	8.035	8.1075	12	11.945
SwFr	2.164	2.1745	3.235	3.205
Guilder	2.9365	2.9715	4.39	4.38
Lira	1620	1637	2419	2411.5
BFr	53.33	53.99	79.65	79.55
C$	1.25125	1.25375	1.8695	1.8455

INTEREST RATES

	Feb 28	Prev
Euro-currencies (3-month offered rate)		
£	9⁹⁄₁₆	9⁹⁄₁₆
SwFr	3¾	3¾
DM	5¼	5⅛
FFr	17½	16½
FT London Interbank fixing (offered rate)		
3-month U.S.$	10¼	10³⁄₁₆
6-month U.S.$	10½	10⁷⁄₁₆
U.S. Fed Funds	9⅝	9¹¹⁄₁₆
U.S. 3-month CDs	9.75	9.70
U.S. 3-month T-bills	9.15	9.17

U.S BONDS

Treasury	Feb 28* Price	Feb 28* Yield	Prev Price	Prev Yield
10⅞ 1986	99²³⁄₃₂	11.03	99²⁷⁄₃₂	11.00
11¾ 1991	99	11.96	99⁴⁄₃₂	11.93
11.75 1993	98⁴⁄₃₂	12.05	98¹⁶⁄₃₂	12.04
12 2013	98²⁰⁄₃₂	12.17	98²³⁄₃₂	12.16
Corporate	Feb 28		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	92⅝	12.15	92¾	12.05
3⅞ July 1990	68½	10.90	68½	10.90
8⅝ May 2000	74⅛	12.50	74⅛	12.50
Xerox				
10⅞ March 1993	90¾	12.35	91¼	12.25
Diamond Shamrock				
10⅜ May 1993	89½	12.60	91⅛	12.45
Federated Dept Stores				
10⅜ May 2013	81½	12.70	84¾	12.60
Abbot Lab				
11.80 Feb 2013	93	12.70	93	12.70
Alcoa				
12¼ Dec 2012	93⅛	13.10	94	13.05

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	68–14	68–26	68–10	68–22
U.S. Treasury Bills (IMM) $1m points of 100%				
March	90.75	90.77	90.70	90.75
Certificates of Deposit (IMM) $1m points of 100%				
March	90 16	90.17	90.10	90.16
LONDON				
Three-month Eurodollar $1m points of 100%				
March	89 93	89.97	89.93	90.01
20-year Notional Gilt £50,000 32nds of 100%				
March	108–23	109–03	108–22	108–20

COMMODITIES

(London)	Feb 28	Prev
Silver (spot fixing)	660.75p	648.40p
Copper (cash)	£973 75	£985 00
Coffee (March)	£2049.00	£2061.00
Oil (spot Arabian light)	$28.60	$28.50

LONDON

Sterling's upturn lures funds

LEADING shares were largely overshadowed by activity in government securities in London yesterday amid signs that sterling's sustained upturn was beginning to attract overseas funds.

By the close, gains extended to about ½ in both short and longer maturities.

In the equity market, interest was to be found for gold shares while the worsening situation in the Gulf war and its threat to the West's oil supplies touched off strong support for oil shares.

The FT Industrial Ordinary index, which managed an early 3.3 advance, closed the day unchanged at 819.1 while the FT-SE 100-share index shed 2.1 to 1,039.2.

Details; Page 31; Share Information Service, Pages 32–33

HONG KONG

A RETURN to the market by smaller investors enabled Hong Kong to erase much of Monday's sharp decline although trading remained very light ahead of the Financial Secretary's budget speech today.

The Hang Seng index recovered 18.71 to 1,041.56 on combined turnover of HK$139.04m – well down from Monday's HK$186.56m – as many investors remained on the sidelines.

The market is expecting the budget to include a rise in corporate taxes and the sale of government bonds to cover the budget deficit.

While such a tax increase could hurt shares in the short term, many institutions and fund managers are said to be awaiting the opportunity to return to the market as buyers, making the medium-term outlook relatively positive.

Most leading shares posted moderate gains yesterday. Hongkong Bank added 10 cents to HK$8.70 and Hang Seng Bank HK$1.25 to HK$43.75. Hutchison Whampoa gained 40 cents to HK$16.30

SINGAPORE

AN EARLY advance proved unsustainable in Singapore and selling pressure, combined with a lack of buying orders, left shares lower on the day in moderate, selective trading.

The Straits Times index, which advanced almost 2 points in the morning, closed the session down 5.15 at 1,023.69.

Pahang Consolidated remained the most active issue and closed 2 cents lower at S$1.60. Among other actives General Corporation was steady at S$2.94 and United Industrial Corporation shed 4 cents to S$1.77.

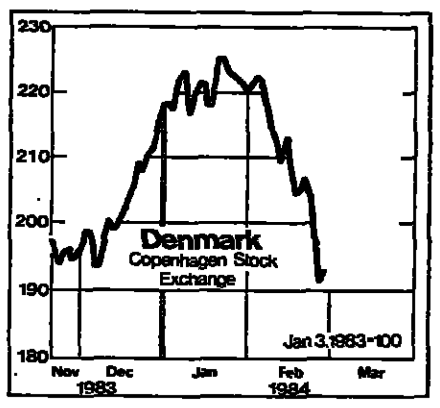
The banking sector, which posted some of the strongest gains in the previous session, turned easier. Development Bank and Oversea Chinese Bank each declined 10 cents to S$10 and S$11.10 respectively.

SOUTH KOREA

ELECTRONICS stocks managed a mo est rally in Seoul after threatened U action against imports of Korean-ma television sets brought sharp revers s on Monday.

Gold Star recouped 6 won of a 35 slide at W970 and A Nam Industria 14 of its W54 fall to W1,565. Duties m be imposed following Commerce Dart ment allegations of dumping.

The exchange's composite in x re vived 0.28 to 129.24 after the r vious day's 1.57 fall.



DENMARK

Stability returns after slide

BOND and share markets stabilised in Denmark yesterday after sharp declines on Monday and at the end of last week, when the market reacted to the 1984 Finance Act passed by the Folketing (parliament) on Thursday, *writes Hilary Barnes in Copenhagen*

The share price index recovered to 193.05 yesterday after falling by six points to 191.45 on Monday, but it is still down from 207 last Wednesday.

Bond prices weakened slightly again yesterday, typically by about ¼ point, but on Monday they were down by a full point. The average effective interest rate in the bond market over the past week has risen by ½ point to about 13.3 per cent.

Dealers say the Finance Act was too weak and they fear that the Government will have to tighten fiscal policy later this year to curb domestic demand and a rising current balance of payments deficit.

The market was also disappointed that the opposition Social Democrats decided to abstain rather than to vote for the Finance Act. Their move introduces a new element of uncertainty in political developments over coming months.

There is also concern that the central bank may have to take action this spring to curb the growth of the money supply which increased by 24 per cent in the 12 months to December as a consequence of financing the DKr 55bn ($5.7bn) budget deficit by selling government bonds to the banks, rather than to the public.

TOKYO

Gulf gloom eradicates enthusiasm

THE ESCALATING Iran-Iraq war dispelled investor enthusiasm in Tokyo yesterday afternoon, wiping out morning gains, *writes Sigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average, which showed a 33-point rise at one stage, finished the day up only 2.30 at 10,073.78, on volume of 280.15m shares. Losses outnumbered gains 363 to 324, with 199 issues unchanged. The volume leader was Mitsubishi Metal, with 9.20m shares changing hands. It closed down Y7 at Y548.

The firm tone on Wall Street helped push up small and medium capital issues and blue chips in the morning.

When reports that Iraq had bombed Iran's Kharg terminal reached the market in the afternoon, however, fears that Iran might blockade the Strait of Hormuz dampened enthusiasm fast. Many issues shed their morning gains.

Stocks related to fine ceramics and fibre optics drew large lot buy orders. Among them was Sumitomo Electric, which announced the development of a high-quality, large-diameter gallium arsenide single crystal for integrated circuit wafers. It closed down Y10 at Y890 after a Y17 advance in the morning.

Blue chips opened higher for the first time for many sessions, but most finished lower, with Fuji Photo falling Y50 to Y1,150, NEC Y30 to Y1,400 and Pioneer Y.. to Y3,450.

Following a newspaper report that ...rion might suffer another fall in recurring profit in the business year ending in September, its stock came under heavy selling pressure, plunging Y50 to Y810.

By contrast, speculator favourites among non-ferrous metals and oils were sought, gaining on a wide front. Sumitomo Metal Mining added Y30 to Y1,540 in active trading and Teikoku Oil Y45 to Y725.

Fears of an increase in long-term interest rates in the U.S. mounted further on the bond market, with prices easing.

Securities houses had been accumulating a fairly high volume of stocks, expecting prices to rise in view of the improving supply-demand balance. Some houses unloaded their stocks due to uncertainty about U.S. interest rates, however, pushing the yield on the barometer 7.5 per cent government bonds maturing in January 1993 up from 7.40 per cent the previous day to 7.415 per cent.

EUROPE

Reluctance to draw sustenance

RELUCTANCE intensified on the European bourses yesterday to draw any immediate sustenance from the good start to the New York trading week and the rapidly softening dollar.

Volume in most centres remained reassuringly lower than during the bull run-up of the past few months, but professional operators were identified yesterday as being prominent among the profit-takers acting to pull leading prices lower.

Gloom about the Gulf flare-up added to the mood of restraint being imposed by the continuing lack of clarity on where world interest rates will go next.

Further factors depressing **Frankfurt** shares were squaring of positions ahead of the month-end and of the pre-Lent Fasching holiday – the desire being to avoid too great an exposure during the long carnival weekend – as well as caution induced by the 35-hour week campaign being pressed by West German trade unions.

Analysts believed the market was due for a period of consolidation, and Monday's steady tone indeed gave way to a 10.7 fall in the Commerzbank index at 1,028.5.

Bayer was typical of the retreat, at DM 276 shedding DM 5 of the DM 7.50 advance achieved the previous session on the back of its dividend boost. Hoechst lost a parallel DM 3.80 to DM 178.0.

Daimler-Benz led the car makers DM 9.70 lower at DM 573.50, while the electricals showed Siemens down DM 3.70 to DM 398.50 despite a persistent view that the stock is undervalued in the wake of its better than expected results this month.

The engineering sector was one of the few to show isolated gains. KHD firmed 30 pf to DM 236.80 as it predicted steady business this year, and MAN added DM 1.50 at DM 141.

Switching out of stocks helped the domestic bond market, where public authority issues firmed up to 35 basis points amid foreign buying interest. The DM 2bn 10-year federal loan stock came in with an expected coupon of 8 per cent, and drew good demand at quotes less some ⅜ to its par issue price.

The Bundesbank was able to offload some DM 42m of public paper at the same time.

In **Amsterdam** decline was extended through the day as early indications from the U.S. made the picture worse. Banks were particularly weak after increased risk provisions at Ned Mid. It fell Fl 11 to Fl 163 and ABN Fl 10 to Fl 398.

Even Royal Dutch, drawing benefit from the possibility of higher oil prices, was unable to sustain early gains in full and finished just 40 cents firmer at Fl 152.80.

Hoogovens slid Fl 2.80 to Fl 47.60, more than eradicating Monday's Fl 1.90 rise accompanying its rights issue.

Bonds were more quietly traded but held steady.

A dull **Paris** day saw no joy for Elf Aquitaine in the Iran-Iraq clashes, and it shed FFr 8.30 to FFr 221.70. Peugeot, despite its injection of state funds, slipped FFr 4 to FFr 226.10.

But it was the foods sector where profit-takers appeared to have made the most inroads. BSN Gervais lost FFr 54 at FFr 2,485 and Bongrain FFr 55 at FFr 1,650. Perrier fell FFr 18.50 to FFr 477 and La Redoute stores group FFr 31 to FFr 1,069.

Matra, recovering from badly regarded results earlier in the month, added FFr 150 to FFr 1,516.

Banks were the focus of **Zurich** attention in a fairly steady market as Credit Suisse was adjusted a cautious SwFr 5 downward at SwFr 2,350 ahead of its profits and dividend announcement later.

Banca del Gottardo rose an initial SwFr 3 to reach the SwFr 600 level on news of the arrival of Sumitomo, but later slipped to SwFr 595. Bid speculation in the past few weeks has taken the stock as high as SwFr 620.

Swiss Re led the insurance issues SwFr 150 down at SwFr 7,700, while on the industrial side Sandoz was weakest of the chemicals with a SwFr 75 fall at SwFr 6,900.

Domestic bond dealings were dull and prices little changed.

Interest rate pressures particularly affected **Brussels** utilities, and Electrobel shed BFr 50 at BFr 5,910. Petrofina, the oil concern which is the market leader there, relinquished BFr 20 to BFr 7,010.

A school holiday week again left **Stockholm** very quiet and still weakening. Pharmacia shed SKr 13 to SKr 274 amid nervousness ahead of profits due tomorrow, while Sonessons fell SKr 30 to SKr 530 on its rights issue plans.

Milan was also quiet, on the whole reserving rises for the larger industrials – Olivetti L50 ahead at L4,300 and Fiat up L4 to L4,229 – while financials lost ground. Credito Varesino fell L100 to L4,999.

Bonds were barely steady.

Madrid showed a uniform but muted weakness.

AUSTRALIA

SEASONAL selling of shares for tax purposes restrained gains in Sydney although the market moved broadly higher in active trading.

The All Ordinaries index ended up 2.1 at 748.0 with the lead being taken from an improved world bullion price and Wall Street's upturn.

The Bell Resources bid for 16m shares of BHP remained the market feature. BHP added 25 cents to A$13.60 with its rights up 25 cents to A$3.85.

Elsewhere TNT added 6 cents to A$2.18 after announcing an unchanged quarterly dividend and Philip Morris fell 20 cents to A$6, ex its 17.5 cent dividend. Ampol added 5 cents to A$1.75 ahead of results today.

SOUTH AFRICA

A BROADLY-BASED advance in an actively traded Johannesburg market took its lead from sharp gains in gold shares following the rise of the bullion price to around $400.

Among the heavyweight gold producers, Vaal Reefs closed R7.75 higher at R166. Anglo-American added 55 cents to R23.35 while De Beers gained 50 cents to R10.80 and Rustenburg Platinum added 40 cents to R15.

Industrial leader Barlow Rand advanced 30 cents to R14.10.

CANADA

SHARES turned lower in Toronto taking a lead from the trend set on Wall Street.

Among the major stock groupings, declines were led by metals and minerals issues along with the gold sector.

A less pronounced decline was seen in Montreal where industrials and banks were moderately lower.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued on Page 29

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15¾	15	ALLab	n			37	14⅞	d14½	14½	−⅝
6⅞	1½	ATI				19	1⅝	1½	1½	−⅛
12¼	3¼	AcmePr				64	4¼	4	4⅛	
19½	12¾	AcmU	s .32	2.2	14	13	14⅝	14⅝	14⅝	
14⅜	6¾	Acton	s		8	91	12⅞	11¾	11¾	−¼
12	6⅞	Acton s								
6½	1½	Actn	wt			19	2⅞	2⅜	2⅝	+⅛
8	1⅝	AdmRs				47	3	2⅞	3	
30⅞	17⅞	AdRusl	s .10	.5	11	56	18⅝	18¼	18⅝	−¼
29⅞	15	Adobe	.24	1.1	15	214	21¾	21⅛	21⅛	+⅛
5⅞	2¼	AegisCp			13	124	3⅝	3⅜	3⅝	
7	4	Aeronca			9	27	5½	5¼	5¼	
32½	19	AlfIntp	.40	1.8	9	1	22⅛	22⅛	22⅛	+⅛
45	26¼	AlfPub	.80	2.1	14	14	39¼	38¾	38¾	−¼
17½	9⅞	AltSx	.06e	.6	8	9	10⅝	10½	10⅝	+¼
16½	5⅝	AlrExp				165	6⅝	6⅜	6½	−⅛
6⅞	4	Alamc	n		10	43	5⅛	5	5⅛	
23⅞	11⅞	AlbaW	.20e	1.5	7	20	13⅞	13¼	13¼	−⅛
12¼	3½	AlnTr	s			1	3⅛	d3⅛	3⅛	−⅛
14⅞	9⅞	AlmyS		1.4		2	14⅛	14⅛	14⅛	
28⅞	13¼	Alphain	.05	.4	18	175	14	13⅝	13⅝	−⅛
2⅞	1⅛	Altex				117	1⅜	1¼	1¼	−⅛
11-16	⅛	Altex	wt			62	⅛	⅛	⅛	+1-16
32½	11⅝	AlzaCp			1	1894	13⅝	13⅛	13⅛	−⅛
29⅞	14⅞	Amdhl	s .20	1.2	17	227	16⅞	16⅞	16½	−½
25⅞	9⅞	Amedco	.08	.6	17	104	14⅞	14	14	−⅛
9⅞	2⅞	AmCap				13338	8⅛	7⅞	8	+⅛
39	28¼	AContrl	.92	3.0	9	1	30½	30½	30½	
44⅛	15¼	AExp	wt			112	18⅛	17⅞	17⅞	−⅝
11⅛	5⅞	AIsrael			2	10	6⅛	6	6	−⅛
19⅝	12⅞	AMzeA	.52	3.2	22	42	16⅛	16	16⅛	
38½	27⅞	AMotn	.30	1.0	11	11	29½	29¼	29½	−⅛
60⅞	47¼	AmPetf	3.20	5.4	12	15	59¾	59¼	59¾	
8⅞	5⅞	AmPlan				40	7	6⅞	7	

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
46	38	WhPit	pf 6	14		2z0	42	41½	41½	−1½
38	30¾	WhPit	pf 5	14		z20	34½	34½	34½	
57	40	Whrlpl	2	4.7	9	977	43⅜	42	42¼	−1¼
48⅞	35	WhitC	1.50	4.4	11	272	35⅝	d34¼	34¼	−1⅛
66⅞	26½	Whittkl			10	48	30½	29¾	29⅞	−⅝
34⅛	17¼	Whittak	1.60	8.1	8	648	20⅛	19¾	19⅞	−¼
11¼	6¼	Wiebldt		5.5		2	8	8	8	+¼
30⅞	20⅞	Wilfam	1.20	4.5	15	434	27½	26¼	26⅜	−⅞
17	5⅞	WimEl			4	107	6	5½	5⅛	−⅞
10⅞	6	WilshrO	.04e	.4		106	10	9⅛	9⅞	−⅛
37⅞	25⅛	WinDx	s1.56	5.4	11	213	30	29	29	−1

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

CANADA

(Closing Prices) Stock	Feb 28	Varn.
AMCA Int.	22⅝	-
Abitibi	25¾	-
Agnico Eagle	18½	-½
Alberta Energy	18¾	-
Alcan Alumin	42½	-1⅜
Algoma Steel	26¾	+⅛
Bk Montreal	26⅞	-
Bk Nova Scotia	14	-⅛
Bell Canada	30⅞	-⅛
Bombardier A	17¼	+¼
Bow Valley	24⅞	-⅛
B.P. Canada	-	-
Brascan A	38⅛	-⅛
Brinco	2.34	-
B. C. Forest	11¾	-⅝
CIL Inc	29¼	-
Cadillac Fairv.	10¾	-¼
Can Cement	-	-
Can NW Energy	29⅝	-⅛
Can Packers	27¼	-¼
Can Trustco	47⅛	-⅛
Can Imp Bank	30½	-⅛
Canadian Pacific	45⅝	-⅜
Can. P. Ent.	21⅝	-½
Can Tyre A	11¾	-¼
Carling O'Kfe	21⅜	-½
Chieftain	17	-
Cominco	55½	-1⅛
Cons Bathst A	26¾	-
Costain	9¾	-
Denison Mines	40	-
Dofasco	18⅞	-⅛
Dome Mines	19⅝	-⅜
Dome Petroleum	4.15	+0.05
Dominion Strs.	19	-
Domtar	31½	-¼
Falconbridge	63¾	+¼
Genstar	25⅛	-⅜
Giant Y'knife	26½	-
Gt West Life	310	-
Gulf Canada	18⅝	+¼
Hawk Sid Can	15¾	-¼
Hudson's Bay	21½	-¼
Husky Oil	10½	+⅛
Imasco	33	-½
Imp Oil A	37	-
Inco	17	-1
Indal	11⅞	-⅛
Interpr Pipe	29¼	+⅛
LAC Minerals	-	-
Macmil Bloedel	31⅝	+⅛
Marks & Spencer	14	-
Massey-Ferg	4.35	-0.05
McIntyre Mines	37½	+½
Mitel	14	-¾
Moore Corp	49⅝	-⅜
Nat. Sea Prods A	8	-
Noranda Mines	22½	-
Numac Oil	12¾	-
Nova Alberta	6⅞	-
Nthn Telecom	44⅞	+⅛
Oakwood Pet	8	-
Pancanadian Pet	22¾	-¼
Patino	10	-
Placer Devt	21⅝	-
Power Corp Can	19⅛	-⅛
Quebec Sturgeon	8⅞	-⅜
Ranger Oil	11⅝	-⅛
Reed Stenhse A	12	-
Rio Algom	15½	+⅜
Royal Bank	32	-
Royal Trustco A	26½	-
Sceptre Res	5⅛	-
Seagram	42⅞	-⅛
Simpson Sears A	-	-
Shell Can Oil	25½	-⅛
Stelco	27¾	-¼
Teck B	10	-⅜
Texaco (Canada)	37¾	-¼
Thomson News A	38½	+⅛
Toronto Dom Bank	16	-¼
Trancalta A	21¾	-
Trans. Can. Pipe	16½	-¼
Walker Hiram	25⅛	-¾
Westcoast Trans	14⅝	-⅛
Weston (Geo)	65½	-

AUSTRIA

Feb. 28	Price Sch %	+ or −
Creditanstalt	212	..
Goesser	328	-1
Interunfall	410	....
Laenderbank	215	..
Perlmooser	338	-6
Steyr-Daimler	156	..
Veitscher Mag	212	..

BELGIUM/LUXEMBOURG

Feb. 28	Price Frs.	+ or −
ARBED	1,484	+4
Banq Int A Lux	5,200	..
Bekaert B	3,450	-75
Ciment CBR	2,050	-25
Cockerill	201	-3
Delhaize	5,100	..
EBES	2,305	..
Electrobel	5,910	-50
Fabrique Nat	2,240	+50
GB Inno BM	3,265	..
GBL (Brux)	2,465	+15
Gevaert	3,070	..
Hoboken	5,310	-40
Intercom	1,840	....
Kredietbank	6,990	..
Pan Hldgs.	9,500	..
Petrofina	7,010	-20
Royale Belge	8,000	-200
Soc. Gen. Banq	3,240	..
Soc. Gen. Belge	1,710	-15
Sofina	5,380	-30
Solvay	3,745	+5
Tractionel	3,200	+50
UCB	4,610	..
Vieille Mont	4,010	-50

DENMARK

Feb. 28	Price Knr %	+ or −
Aarhus Olie	420	..
Andelsbanken	232	-2
Baltic Skand	605	+5
CopHandelsbank	240	-3
D. Sukkerfab	675	+10
Danske Bank	287	-1
East Asiatic	184	+3
Forenede Brygg.	885	..
Forenede Damp.	185	+10
GNT Hldg.	370	..
I.S.S.B.	650	-45
Jyske Bank	560	..
Novo Ind	2,585	+5
Privatbanken	285	..
Provinsbanken	316	-1
Smidth (F.)	243	+7
Sophus Berend	1,170	-55
Superfos	487	+7

FRANCE

Feb. 28	Price Frs.	+ or −
Emprunt 4½% 1973	1,971	+46
Emprunt 7% 1973	9,975	+95
CNE 3%	3,405	+19
Air Liquide	520	-4
BIC	405	-4
Bouygues	682	-38
BSN Gervais	2,485	-54
CIT-Alcatel	1,345	-25
Carrefour	1,510	-25
Club Mediter'n	806	+1
CFAO	568	+4
Cie Bancaire	458	-10
Cofimeg	211.5	+0.5
Creusot Loire	46.5	-1.8
Darty	800	-9
Dumez S.A.	795	-5
Eaux (Cie Gen.)	519	-27
Elf-Aquitaine	221.7	-8.3
Gen. Occidentale	561	-20
Imetal	60	-1.5
Lafarge Coppee	325	-9.5
L'Oreal	2,235	-35
Legrand	2,005	+15
Maisons Phenix	279.8	-7.2
Matra S.A	1,516	+150
Michelin B.	915	-6
Midi (Cie)	1,406	-14
Moet-Hennessy	1,380	-25
Moulinex	91.2	-1.6
Nord Est	50.6	-1.1
Pernod Ricard	693	-7
Perrier	477	-18.5
Petroles Fra.	212	..
Peugeot S.A.	236.1	-4
Poclain	56	-1
Printemps Au	140	....
Radiotech	366	-4.5
Redoute	1,069	-31
Roussel-Uclaf	785	-34
Schneider S.A.	124	-3.9
Sefimeg	246	....
Skis Rossignol	1,330	...
Telemech Elect.	1,608	-22
Thompson (CSF)	312	-9.5
Valeo	279.5	-7.5

GERMANY

Feb. 28	Price Dm.	+ or −
AEG-Telef	97	-2
Allianz Vers	780	-11
BASF	165.5	-4.4
Bayer	169	-5
Bayer-Hypo	276	-5
Bayer-Verein	339	-6
BHF-Bank	286.5	-1.5
BMW	414	-6.5
Brown Boveri	228.5	-1.5
Commerzbank	181.5	-4.3
Cont'l. Gummi	130.7	-2.8
Daimler-Benz	573.5	-9.7
Degussa	379	-1
Demag	146	....
D'sche Babcoc	162.5	..
Deutsche Bank	381	-5.3
Dresdner Bankk.	174.2	-4.5
GHH	137	-3.5
Hochtief	499	+9
Hoechst	178.7	-3.8
Hoesch Werke	120.3	-3.7
Holzmann (P)	441	+1
Horten	197	-2
Kali und Salz	199	-1.5
Karstadt	260	-5
Kaufhof	242	-1
KHD	236.8	+0.3
Kloeckner	67.5	-2
Krupp	85	-2
Linde	374	-11
Lufthansa	163	+1.5
MAN	141	+1.5
Mannesmann	141.5	-3.3
Mercedes Hld	516	-8.5
Metallgesell	238	-7
Muench Rueck	1,160	+9
Preussag	273.5	-2.5
Rhein West Elect	164.5	-3.5
Rosenthal	265	+7
Schering	336.8	+0.3
Siemens	398.5	-3.7
Thyssen	86.5	-2.3
Varta	180	-4
Veba	174.2	-1.3
V.E.W.	121.5	-1.5
Verein-West	321	+1
Volkswagen	208.5	-5

ITALY

Feb. 28	Price Lire	+ or −
Banca Com'le	35,500	-500
Bastogi IRBS	153	-3.2
Centrale	1,740	..
Credito Varesino	4,999	-100
Fiat	4,239	+4
Finsider	44	..
Generali Assicur	38,400	-350
Invest	3,178	-14
Italcementi	47,890	-100
Montedison	225	-2
Olivetti	4,300	+50
Pirelli Co	3,190	..
Pirelli Spa	1,725	-26
Snia BPD	1,524	-9
Toro Assic.	13,370	+70
do. Pref	10,180	+50

NETHERLANDS

Feb. 28	Price Fls	+ or −
ACF Holding	181	-4
AEGON	130.5	-4.5
Ahold	212	-4.5
AKZO	103.8	-2.7
ABN	398	-10
AMEV	157.8	-2
AMRO	73.3	-2.1
Bredero Cert	195	+1
Bos Kalis Westm.	48.2	+0.5
Buehrmann-Tet.	64.5	-2.5
Calland Hldgs.	37.3	-0.5
Credit Lyon's Bk	56.1	-0.4
Elsevier-NDU	512	-10
Gist. Brocades	148	-3.5
Heineken	137	-4
Hoogovens	47.6	-2.8
Hunter Douglas	24.1	-0.9
Int Mueller	36	-1
KLM	180	-2
Naarden	42.2	+0.1
Nat Ned Cert	220.5	-2.2
Ned. Credit Bank	39.3	-0.3
Ned Mid Bank	163	-11
Nedlloyd	114.5	-1
Oce Grinten	240	-4
Ommeren (Van)	29.5	-0.3
Pakhoed	67	-1
Philips	45.8	-0.7
Rijn-Schelde	4.2	+0.1
Robeco	328.5	-0.5
Rodamco	132.3	-0.2
Rolinco	313.3	+0.8
Rorento	201.3	-0.6
Royal Dutch	152.8	+0.4
Unilever	243.3	-3.4
VMF Stork	102	+1
VNU	151	-2.9
West Utr Bank	124.5	-0.5

NORWAY

Feb. 28	Price Kroner	+ or −
Bergens Bank	157	-0.5
Borregaard	281	+6
Christiania Bk.	157.5	-1
Den Norsk Credit	166	+2
Elkem	159	+0.5
Norsk Data	274	-1
Norsk Hydro	586	-1.5
Storebrand	207	+2

SPAIN

Feb. 28	Price Pts %	+ or −
Bco Bilbao	275	-5
Bco Central	329	....
Bco Exterior	203	....
Bco Hispano	239	-1
Bco Santander	288	...
Bco Vizcaya	356	-3
Dragados	137	-3
Hidrola	52.2	-1.3
Iberduero	55	-1.2
Petroleos	107.5	-2.7
Telefonica	79.2	-0.5

SWEDEN

Feb. 28	Price Kronor	+ or −
AGA	385	-5
Alfa-Laval	283	..
ASEA (Free)	380	-15
Astra (Free)	540	-20
Atlas Copco	126	+1
Boliden	411	+11
Cardo (Free)	500	+2
Cellulosa	172	-2
Electrolux B	268	-1
Ericsson	358	-8
Esselte	323	....
Mo Och Domsjo	425	-5
Pharmacia	274	-13
Saab-Scania	358	-9
Sandvik	350	+5
Skandia	410	...
Skan Enskilda	365	-3
SKF	185	-3
St. Kopparbergs	725	-2
Sven Handelsbn.	223	-2
Swedish Match	269	-2
Volvo B (Free)	455	....

SWITZERLAND

Feb. 28	Price Frs.	+ or −
Alusuisse	890	..
Bank Leu	4,450	-25
Brown Boveri	1,490	-10
Ciba Geigy	2,310	-10
do. (Part Certs)	1,815	-5
Credit Suisse	2,350	-5
Elektrowatt	2,680	+10
Fischer (Geo.)	675	..
Genevoise	3,750	....
Hoff-Roche PtCts	103,000	-250
Hoff-Roche 1/10	10,250	-50
Jacobs Suchard	6,700	+25
Jelmoli	1,810	-5
Landis & Gyr	1,385	..
Nestle	4,840	-10
Oer-Buehrle	1,330	+10
Pirelli	253	+2
Sandoz (Br)	6,900	-75
Sandoz (PtCts)	1,065	-10
Schindler (PtCts)	560	.....
Swissair	1,060	..
Swiss Bank	345	-3
Swiss Reinsce	7,700	-150
Swiss Volksbk	1,480	+5
Union Bank	3,650	....
Winterthur	2,930	...
Zurich Ins	17,300	-100

AUSTRALIA

Feb. 28	Price Aust $	+ or −
ANZ Group	5.6	-0.04
Acrow Aust	1.5	
Alliance Oil D.	0.24	-0.01
Ampol Pet.	1.75	-0.05
Aust Cons Ind	1.83	-0.02
Aust. Guarant.	2.8	-0.01
Aust. Nat. Inds	2.45	-0.02
Aust. Paper	2.18	+0.01
Bell Group	6.1	-0.05
Bond Corp Hldgs	1.55	-0.05
Boral	3.28	-0.09
B'ville Copper	2.56	+0.05
Brambles Inds	2.86	-0.04
Bridge Oil	3.25	
BHP	13.6 xr	-0.25
CRA	5.52	-0.02
CSR	3.74	-0.04
Carlton Utd	3.82	..
Castlemaine Tys.	4.2	
Coles (G.J.)	3.7	-0.05
Comalco "A"	3.05	
Consolidated Pet	11.1	-0.05
Costain Aust.	1.25	-0.01
Dunlop Aust.	1.48	-0.03
E.Z. Inds.	5.5	-0.06
Elders IXL	4.25	-0.05
Energy Res	1.57	+0.01
Gen Prop Trust	1.89	-0.01
Hardie (J.)	3.44	+0.01
Hartogen Energy	2.95	-0.07
HeraldW'y Times	3.12	-0.02
ICI Aust	2.1	-0.04
Jimb'lana 50cFP	0.36	-0.01
Kia Ora Gold	0.18	
Lend Lease	4.8	-0.15
MIM	3.52	-0.14
Mayne Nickless	2.50	
Meekatharra	0.87	-0.02
Myer Emp.	1.85	-0.01
Nat. Com. Bk.	3.62	-0.02
News	10.8	-0.02
Nicholas Kiwi	3.1	-0.08
North Bkn Hill	2.88	-0.05
Oakbridge	0.92	-0.03
Otter Expl.	0.78	+0.05
Pancont'l	1.15	-0.05
Pioneer Conc	1.64	-0.05
Reckitt & Coln	2.7	-0.05
Repco	1.22	-0.01
Santos	7.5	+0.06
Smith (H.)	4.0	-0.08
Southland Min'g.	0.31	
Spargos Expl	0.44	
Thos. Natwide	2.18	+0.06
Tooth	5.00	
UMAL Cons	3.65	-0.01
Vamgas	3.3	-0.05
Western Mining	4.15	+0.02
Westpac	3.75	-0.03
Woodside Petrol.	0.96	-0.05
Woolworths	2.52	-0.02
Wormald Intl	3.35	-0.05

HONG KONG

Feb. 28	Price H.K.$	+ or −
Bank East Asia	28.5	..
Cheung Kong	8.8	-0.15
China Light	12.7	-0.4
Hang Lung Devel	2.05	..
Hang Seng Bank	43.75	+1.25
HK Electric	6.3	
HK Kowloon Wh.	4.25	-0.1
HK Land	3.45	-0.15
HK Shanghai Bk.	8.7	-0.1
HK Telephone	45.50	
Hutchison Wpa	16.3	-0.4
Jardine Math	11.9	-0.1
New World Dev	3.45	+0.1
Orient O'seas	2.52	-0.03
O'seas Trust Bk.	3.4	+0.05
SHK Props.	6.8	+0.15
Swire Pac A	17.3	-0.1
Wheel'k Mard A	3.55	+0.05
Wheel'k M'time	2.00	
World Int. Hldgs.	2.27	-0.1

JAPAN

Feb. 28	Price Yen	+ or −
Ajinomoto	995	-5
Alps Electric	2,710	-10
Amada	1,250	-20
Asahi Chem	428	-13
Asahi Glass	675	-13
Bridgestone	591	..
Canon	1,460	-30
Casio Comp.	1,510	
Chugai Pharm	971	-1
Citizen	635	-5
Daiei	685	+1
Dai Nippon Ptg	969	-1
Daiwa House	510	+6
Ebara	333	-1
Eisai	1,210	+40
Fanuc	11,230	-70
Fuji Bank	760	+5
Fuji Film	2,150	-50
Fujisawa	800	....
Fujitsu	1,400	..
Green Cross	1,590	-20
Hasegawa	387	-3
Heiwa Real Est	615	-1
Hitachi	848	-7
Hitachi Credit	1,590	-120
Honda	1,030	-10
House Food	790	-2
Hoya	1,770	-20
Itoh (C)	289	-4
Ito Yokado	1,270	-30
Iwatsu	2,210	-50
JACCS	375	-1
JAL	3,150	-50
Jusco	830	-4
Kajima	300	...
Kao Soap	711	-4
Kashiyama	622	+1
Kirin	549	-1
Kokuyo	1,110	-10
Komatsu	489	-5

JAPAN (continued)

Feb. 27	Price Yen	+ or −
Konishiroku	655	-4
Kubota	316	
Kumagai	455	-5
Kyoto Ceramic	9,900	-350
Maeda Const	485	-15
Makino Milling	1,490	-40
Makita	1,100	
Marubeni	280	
Marudai	625	-24
Marui	1,200	-20
MEI	1,870	
M'ta Elec Works	672	-24
M'bishi Bank	759	-1
M'bishi Corp.	521	-1
M'bishi Elec	397	-5
M'bishi Estate	462	-1
MHI	240	-5
Mitsui Co	335	-3
Mitsui Estate	701	-12
Mitsukoshi	356	-2
NGK Insulators	682	-26
Nihon Cement	212	-6
Nippon Denso	1,520	-10
Nippon Elect	1,400	-30
Nippon Express	286	-5
Nippon Gakki	632	+1
Nippon Kokan	139	
Nippon Oil	1,050	-30
Nippon Seiko	584	-11
Nippon Shimpan	750	-25
Nippon Steel	167	-4
Nippon Suisan	306	-4
NTV	11,100	-400
Nippon Yusen	242	-2
Nissan Motor	716	-6
Nisshin Flour	450	-5
Nisshin Steel	177	-1
Nomura	725	-3
Olympus	1,000	-6
Omron Tateisi	1,980	-50
Orient Leasing	3,430	-80
Pioneer	3,450	-120
Renown	673	-18
Ricoh	1,080	-10
Sankyo	659	-8
Sanyo Elect.	531	-23
Sapporo	385	-2
Sekisui Prefab	560	
Seven-Eleven	7,500	-100
Sharp	1,260	-30
Shimadzu	554	-8
Shionogi	710	-1
Shiseido	980	....
Sony	3,500	-20
Stanley	773	-8
S'tomo Elect	890	-10
S'tomo Marine	294	-5
S'tomo Metal	157	..
Taihei Dengyo	510	-5
Taisei Corp	218	....
Taisho Pharm	921	-1
Takeda	705	-5
TDK	6,720	..
Teijin	372	-7
Teikoku Oil	725	-45
Tokyo Marine	530	-1
TBS	715	-5
Tokyo Elect Pwr.	1,290	-10
Tokyo Gas	167	-1
Tokyo Sanyo	699	-14
Tokyo Style	900	+45
Tokyu Corp	326	-5
Toppan Print	686	.....
Toray	399	-9
Toshiba Elect.	388	+1
TOTO	566	-11
Toyo Seikan	711	-9
Toyota Motor	1,330	
Victor	3,280	-20
Wacoal	757	-8
Yamaha	562	-27
Yamanouchi	1,300	-20
Yamazaki	779	-11
Yasuda Fire	255	-5
Yokogawa Bdge.	420	-10

SINGAPORE

Feb. 28	Price $	+ or −
Boustead Hldgs.	2.86	-0.02
Cold Storage	4.56	..
DBS	10	-0.10
Fraser & Neave	6.45	-0.05
Genting	5.7	.....
Haw Par. Bros	2.73	..
Inchcape Bhd.	2.86	-0.02
Keppel Shipyard	3.46	+0.02
Malay Banking	10	..
Malay Brew.	7	-0.15
Multi Purpose	2.02	-0.01
OCBC	11.1	-0.01
OUB	4.6	..
Sime Darby	2.61	-0.01
Straits St'mship.	1.73	
Straits Trdg.	5.8	-0.05
UOB	5.65	

SOUTH AFRICA

Feb. 28	Price Rand	+ or −
Abercom	2.8	.....
AE & CI	8.0	....
Anglo Am Coal	26.5	
Anglo Am Corp	23.35	+0.55
Anglo Am Gold	154	-4.5
Barclays Bank	19.8	..
Barlow Rand	14.1	-0.3
Buffels	78.5	-2.5
CNA Gallo	2.75	
Currie Finance	4.85	+0.05
De Beers	10.8	-0.5
Driefontein	46.75	-1.50
FS Geduld	56.5	+2.5
Gold Fields S.A	31.25	+0.50
Highveld Steel	6.1	-0.2
Nedbank	15.6	-0.1
OK Bazaars	18.25	
Protea Hldgs	3.35	-0.05
Rembrandt	24.5	.....
Rennies	15.5	..
Rust. Plat	15	+0.4
Sage Hldgs	6.6	..
SA Brews	7.55	+0.05
Smith (C.G.)	23.5	.....
Tongaat Huletts	11.3	.....
Unisec	5.25	

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER Nasdaq National Market closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					
CmtShr .50b	12	15¼	14⅞	15⅛	+½
ComAm	505	5¼	5⅛	5¼	+½
Comind 34	146	19½	18½	18½	-1
ComSy s	133	18½	17⅞	17½	-½
Compaq	455	9	8⅝	8⅝	-⅛
CompC .32	507	20½	19½	19½	-1
Compcp	295	4⅝	4¼	4½	+¼
Compus	133	4¾	4⅝	4¾	
CCTC	42	14¼	13¾	14	-¼
CmpA s	115	21	19½	19½	-1½
[illegible]					
GBayCs	41	21¼	21	21	
GtNuc	26	3	2⅞	3	
H—H					
HBO s .10	629	25¼	25	25	-½
HCC .06s	81	12	11⅝	12	
Hadson	290	4⅞	4½	4⅞	+⅛
HaleSy	12	6¼	5½	5½	-¼
HamlPi .10	66	16¼	16	16¼	
HarpGp 30	354	29½	28⅞	29	-½
[illegible]					
N—N					
NCA Cp	119	12½	12¼	12¼	
NMS	81	3⅞	3⅝	3⅞	+⅛
NtCty s	766	26¼	25¾	26¼	+¼
NtCptr s .20	3	16¼	16	16¼	
vjNDiscC	20	1½	1¼	1½	
NData .40	682	19½	19¼	19¼	-¼
NMicr s	929	10	8⅝	8⅝	-1⅛
NTech t	18	5½	5¼	5¼	
NatrBty	20	8⅝	8¼	8½	
[illegible]					
Society 1.70	81	30¼	30¼	30¼	-¼
Soltch s	50	7¼	7¼	7¼	
SonerFd	58	26⅝	26	26	-¼
Sovrgn .10	395	8¼	7⅞	7⅞	-¼
Sovran 1.50	91	31¼	30⅞	30⅞	-¼
SpanA	4	6	6	6	-¼
Spacd s	540	13	12⅞	12¾	-½
SpecCtl .06	131	8¼	8¼	8¼	-¼

Continued on Page 38

AMERICAN STOCK EXCHANGE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued from Page 29

NEW YORK CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued from Page 29

Indices

NEW YORK-DOW JONES

	Feb 28	Feb 27	Feb 24	Feb 23	Feb 22	Feb 21	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1157.14	1179.86	1165.1	1134.63	1134.21	1139.34	1286.64 (6/1)	1134.21 (22/2)	1287.2 (29/11/83)	41.22 (2/7/32)
Transport	510.91	528.47	510.89	494.02	494.89	496.53	612.63 (6/1)	494.02 (23/2)	612.63 (6/1/84)	12.23 (8/7/32)
Utilities	126.01	128.4	125.85	123.7	124.86	124.61	134.83 (6/1)	123.7 (23/2)	163.32 (20/4/69)	10.85 (28/4/42)
Trading vol 000's	9181	-	2620	220	-	-	-	-	-	-

	Feb 24	Feb 17	Feb 10	(Year Ago Approx)
Ind div yield %	4.73	4.78	4.71	4.86

N.Y.S.E. ALL COMMON

Feb 28	Feb 27	Feb 24	Feb 23	1983-84 High	1983-84 Low
-	-	-	-	442.82 (6/5)	79.78 (24/1)

RISES AND FALLS

	Feb 28	Feb 27	Feb 24
Issues traded	966	983	985
Rises	443	128	299
Falls	170	512	331
Unchanged	353	343	335

STANDARD AND POORS

	Feb 28	Feb 27	Feb 24	Feb 23	Feb 22	Feb 21	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	177.24	180.3	178.25	174.39	174.1	174.33	190.64 (6/1)	174.1 (22/2)	193.22 [illegible]	3.52 [illegible]
Composite	156.82	158.3	157.51	154.29	154.31	154.64	169.28 (6/1)	154.29 (22/2)	170.99 [illegible]	4.4 (1/6/32)

	Feb 22	Feb 15	Feb 8	Year Ago (Approx)
Ind div yield %	4.09	4.03	4.02	4.38
Ind. P/E Ratio	12.58	12.72	12.54	11.45
Long Gov Bond Yield	11.89	11.73	11.82	10.59

MONTREAL

	Feb 28	Feb 27	Feb 24	Feb 23	1983-84 High	1983-84 Low
Industrials	424.76	426.56	422.46	415.2	451.4 (6/1)	[illegible]
Combined	407.1	408.85	405.73	399.19	433.87 (6/1)	[illegible]
TORONTO Composite	-	-	-	-	2585.7 (6/1)	[illegible]

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

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MARKET REPORT

Gilt-edged take over the running from equities as sterling continues its advance

Account Dealing Dates

Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Feb 13	Feb 23	Feb 24	Mar 5
Feb 27	Mar 8	Mar 9	Mar 19
Mar 12	Mar 22	Mar 23	Apr 2

* "New-time" dealings may take place from 9.30 am two business days earlier.

Government stocks, followed by Gold shares, took centre stage at the expense of London equities yesterday. Sterling's continued strong improvement against the dollar and signs that the UK exchange rate's sustained upturn was beginning to attract overseas funds forced the switch of interest to Gilt-edged securities. The authorities were able to sell supplies of the tap stock for the first time, with the Government broker accepting bids of 25½ for the partly-paid **Exchequer 9½ per cent 1998** and then withdrawing.

Recent money market cash shortages were forgotten as Building Societies reinvested the proceeds from last week's low-coupon sales. Continental and other foreign buyers concentrated on their favourite stocks such as **War Loan**. All in all, Gilt-edged trade was quite lively and the market closed with gains extending to around ¼ in both short and longer maturities. Index-linked stocks were not included. Sentiment here remained under the cloud of a prominent analyst's bearish view of the sector's prospects.

Leading shares with the exception of Oil stocks were overshadowed by the activity in Gilts. Wall Street's overnight extension of Friday's sharp advance failed to motivate investors. An early gain of 3.3 in the FT Industrial Ordinary share index, which illustrated the initial promise, was gradually whittled away and the index closed unchanged on the session at 819.1. Similarly the FT-SE 100-share index reacted from 1046.9 at 9.35 am to settle a net 2.1 down on balance at 1039.2.

The worsening situation in the Gulf war and its threat to the West's oil supplies touched off strong support of Oil shares, but rises among the leaders were eventually halved from 10 to 5 pence. **London Brick**, removed today from the 30-share index and replaced by **Hanson Trust**, dominated equity market proceedings. Following Hanson's success in gaining control with 58.6 per cent, the LB price jumped late to close at 173p, up 12, influenced by the Convertible element of the offer; dealings in the stock begin tomorrow.

Banks lower

The Government's intention to make UK banks withhold tax on interest payments to personal depositors coupled with Budget fears dampened interest in the major clearers. Quotations drifted progressively lower and **Lloyds** lost 12 to 593p and **NatWest** 8 to 740p, while **Barclays**, 543p, and **Midland**, 388p, both shed 7. In contrast, **Bank of Scotland** found support and firmed 5 to 236p, while **Allied Irish** improved a couple of pence to 160p. Elsewhere, **Grindlays** held at 163p despite poor preliminary figures. Discount Houses continued to attract selective support. **Union** rose 10 to 748p, as did **Cater Allen**, to a 1983/84 peak of 525p.

Composite and Life Insurances traded quietly. Among the former, **General Accident** slipped a couple of pence to 443p awaiting today's preliminary figures. Lloyds Brokers eased on exchange rate influences with **Willis Faber** losing 10 to 660p and **Sedgwick** 2 to 215p.

Norbain Electronics, which staged an impressive debut in the Unlisted Securities Market on Monday, attracted fresh support and rose 7 to 187p compared with the placing price of 116p. **Aberfoyle Plantations** continued the recent strong advance to close 2 up at 39p.

Leading Breweries continued to mark time as investors kept their distance awaiting the Budget. **Bass** improved to 313p before settling only a couple of pence dearer at 310p, but **Grand Metropolitan** eased that much to 343p. A couple of firm spots emerged among Regionals. **Wolverhampton and Dudley** rose 4 to 226p, largely reflecting the efforts of a single buyer, while **Forshaws Burtonwood**, currently bidding for local rival Border and responding also to option activity, closed 10 better at 350p. **J.A. Devenish** continued its response to a favourable weekend mention, ending 5 up at 404p.

London Brick apart, leading Buildings fluctuated narrowly and closed with small irregular movements. **George Wimpey** continued to reflect Monday's successful share placing operation and hardened a couple of pence more to 158p, but **Barratt Developments** succumbed to sporadic selling and shed 4 to 164; the latter's interim results are due on March 13. Fresh support was forthcoming for **AMEC**, up 6 at 224p, but profit-taking clipped 4 from **Marchwiel** at 222p. Fresh buying ahead of Friday's preliminary results lifted **Derek Crouch** 6 to 78p, while **Brown and Jackson** attracted revived speculative interest and put on 2 to 22p.

ICI, dull initially on exchange rate influences, slipped further on early Wall Street advices to close a net 10 down at 575p. Among other Chemicals, **Blagden Industries** rose 4 to 128p, after 132p following the good preliminary results and acquisition. **Wolstenholme Rink** added 4 at 131p and **Leigh Interests** rose a similar amount to a 1983-84 peak of 101p.

Investment enthusiasm for Retailers flagged and the leaders closed narrowly mixed. **Habitat Mothercare** touched a new peak of 320p before settling 4 up on balance at 316p, while **Gussies A** firmed 5 more to 580p. But the absence of developments concerning Lonhro's near-30 per cent stake clipped a couple of pence from **House of Fraser**, at 286p. Dealers also reported subdued trading in secondary counters, although some speculative chestnuts revived. **Sumrie Clothes** attracted scattered support after-hours to finish 8 up for a two-day gain of 14 at 166p, while "call" option business aided **Rowland Gaunt**, 5 dearer at 135p. **I.D. & S. Rivlin** hardened a few pence to 76p and **Executex Clothes** advanced 6 to 36p. Among mail-orders, **Empire** attracted buyers and rose to 88p before closing a net 6 up at 84p.

Arlen dip and rally

Arlen Electrical became an extremely sensitive market and tumbled to 75p on nervous selling generated by talk of possible funding moves before recovering to close only 6 cheaper on balance at 94p. Among other Electrical issues, **Amstrad** closed 8 lower at 102p, the increased interim dividend and profits being outweighted by the cautious statement on second-half profits. Continued demand in a limited market left **Pressac** up 12 more at 255p, while **Suter**, 3 higher at 130p, after 132p, reflected news that Christopher J. Moran had increased his stake in the company to 9.46 per cent. Unlisted securities recorded several useful gains. **Micro Business Systems** improved 10 to 355p, while **Tutstall**, 290p, and **Scan Data**, 115p, rose 5 apiece. **Breville Europe**, ahead of interim results due shortly, put on 3 to 29p.

Vickers, up 7 further at 164p in response to favourable comment on the preliminary results, provided the only worthwhile movement among Engineering leaders. Secondary issues also put on a rather uninspiring performance, although **Birmingham Mint** encountered fresh support at 210p, up 10, as recent reports of a large shareholding changing hands gave rise to bid talk. **Victor Products**, in contrast, remained unsettled by the lower interim profits and gave up 6 more at 112p.

Interest in leading Foods was at a low ebb, but **Associated British** continued to reflect favourable Press comment and rose 8 for a two-day gain of 16 to 176p. **Unigate** hardened a penny to 118p helped by a broker's recommendation, but **Tate and Lyle** slipped 3 to 382p and **S. and W. Berisford** lost the turn to 198p. Among secondary issues, **Brewmaker** revived with a gain of 4 to 35p and **P. Panto** rose 3 to 27p on revived takeover hopes.

The decision not to proceed with the Turf Paradise tender offer caused **Ladbroke** to shed 2 more for a two-day fall of 10 to 225p. **Kennedy Brookes** hardened a penny to 224p awaiting tomorrow's preliminary results, while **Strikes Restaurants** rose 3 to 76p.

Applied Computer up

Applied Computer, up 30 more at 670p, further responded to the profits and dividend forecast which accompanied the proposed rights issue. Elsewhere among Miscellaneous Industrials, renewed demand ahead of the results, due towards the end of next month, left **Turner and Newall** 8 to the good at 90p. A rise of 2 to 61p in **D. Macpherson** owed more to bid hopes than to yesterday's preliminary figures. Provincial demand lifted **Attwoods** 6 to 116p, while **Consultants** put on 25 further to 675p ahead of tomorrow's annual results. **Metal Closures**, a recent bid favourite, edged up 4 more to 180p. **Pritchard Services** improved 5 to 120p in belated response to Press mention, but **Johnson Matthey**, interim figures due today, closed 3 easier at 287p. Buying interest revived in **Fobel**, 7 to the good at 127p, while **Jenks and Cattell** edged up another 3 to 60p following news of the acquisition of a 14.8 per cent stake in Mandarin Resources of Hong Kong. **TSL Thermal Syndicate** closed a penny easier at 53p after the £1.106m rights issue announcement and rationalisation moves. Inclined firmer at the outset, leading issues drifted back to close a few pence lower on balance.

Among Leisure issues, **Miss World Group** rose 9 to 152p following better-than-expected preliminary results, while **Piccadilly Theatre** moved up 15 to 155p in a restricted market. Elsewhere, **Saga Holidays** dipped 5 to 102p, but **Owners Abroad** gained a penny to 30½p.

Leading Properties opened higher, but subsequently slipped back in the absence of follow-through support. **Land Securities** finished 3 cheaper on balance at 274p, after 280p, and **MEPC** a couple of pence off at 275p, also after 280p. **British Land** eased 3 to 118p and **Slough Estates** lost 2 to 125p. Against the trend, **Haslemere Estates** firmed 4 to 494p and **Samuel** put on 3 to 137p. **Amalgamated Estates** were again briskly traded and touched 17½p before closing a fraction dearer at 16½p. **C. H. Beazer** improved 4 to 322p and **Rush and Tompkins** put on a similar amount at 236p. **New England Properties**, dealt in the Unlisted Securities Market, rose 3 to 24p.

Textiles closed a shade firmer for choice with carpets attracting a fair measure of speculative attention. **Hugh Mackay**, 69p, and **S. Lyles**, 118p, rose 8 and 5 respectively. **Carpets International** were unchanged at 46p; its 26 per cent owned U.S. associate Interface Flooring announced a 32 per cent expansion in 1983 profits on Monday. Elsewhere, Marks and Spencer supplier **Corah** firmed 2½ to 68p, while **Coats Patons** continued to benefit from a newsletter recommendation and added a similar amount at 68p.

Oils below best

Rumours late on Monday of an Iraqi attack on Iran's Kharg Island oil installations ensured a strong opening throughout the list of leading oils. The international majors opened with double-figure gains but prices quickly retreated on reports that Iran had denied the attack. Later the market staged a fresh advance and most stocks generally closed with good gains on balance. **Britoil** were particularly firm and touched 251p prior to ending the day a net 9 up at 247p, while **LASMO** put on 7 to 317p, after 325p, **BP** 5 to 427p, after 435p and **Ultramar** 10 at 675p. **Shell** moved up to 640p before easing to close 5 firmer at 635p. Second line issues provided a feature in **Tricentrol** which advanced 10 to 200p amid revived bid speculation. Onshore UK explorers showed **Marinex** 3 higher at 110p and **Premier** a further 1½ to the good at 59½p. **Eglinton** stole the limelight from Atlantic Resources in a quieter Irish sector; further consideration of the Columbian oil project and the forthcoming placement and subdivision boosted the shares by 15 to 370p. **Bryson** rose 10 to 270p and **Aran** 2 to 69p, but **Atlantic** met with late selling and from 525p reverted to close unaltered at 505p.

Demand for Rubbers remained selective. **Applied Botanics**, formerly Sampang (Java) and now quoted in the Unlisted Securities Market, attracted speculative support and rose 3½ to 23p, while **Inch Kenneth** firmed 5 more to 633p. **Teas** continued to move ahead following the Indian Government's moves to tighten export controls in a bid to clamp down on the domestic black market. **Western Dooars** rose 10 to 320p, while a lively business developed in **McLeod Russel**, 18 higher at 260p. **Moran** hardened 5 to 390p; the Arthur Bartfeld Group now controls just over 12 per cent of the equity.

Strong rally in Golds

The mounting tension in the Middle East prompted another flurry of buying throughout the South African Gold sector.

A firm performance by bullion in overnight U.S. and Far Eastern markets coupled with rumour and counter-rumour associated with the Iran/Iraq war led to a sharp mark up of gold share prices at the outset of trading. Thereafter, sizeable Cape and European buying boosted prices throughout the morning session.

Afternoon business was more sensitive as revived worries about U.S. interest rates encouraged a minor burst of profit-taking.

Bullion touched $404 initially in London, but eased below the crucial $400 to close a net $4.5 higher at $398.75.

Although closing below their best levels Golds retained sufficiently strong closing gains to produce a 19.7 rise to 672.2 in the FT Gold Mines index—its highest since September 13 last year.

Among the heavyweights, rises extended to around £1½ as in **Kloof**, which closed at a 1983-84 high of £36¼, while **Winkelhaak**, due to announce an interim payment tomorrow, put on £1½ to a year's best of £37½. Interim dividends are also expected on Thursday from **Bracken, Kinross, Leslie and Unisel**.

South African Financials also participated in the advance with **De Beers** prominent and finally 20 firmer at 605p in the wake of American buying interest. "**Amgold**" put on £2¼ to £85⅞, while **Middle Wits** edged up a half-point to £12 and **Transvaal Consolidated Land** a point to £28. London issues were little changed either way. A firm Platinums sector showed **Lydenburg** 5 harder at 610p on further consideration of the increased interim dividend.

Golds continued to make the running in an otherwise mixed Australian mining market. **Poseidon** rallied strongly and moved up 13 to 303p, while **Central Norseman** rose 25 to 418p and **Whim Creek** 8 to 258p. **CRA**, however, gave up 6 to 348p —the full-year results are due today. **EZ Industries** dropped 8 to 342p in the wake of disappointing interim figures.

Total contracts struck in Traded Options amounted to 2,496—the same as on Monday. A lively business developed in **Hanson Trust** with 401 calls transacted, 105 in the March 180's, 5 up at 11p. Operators continued to display interest in **Lonrho** positions, especially the May 160 calls which attracted 242 calls out of 351. The strength of gold shares was reflected by **Vaal Reefs**, which recorded 73 calls and 89 puts; the May 130 calls rose 3½ to $14, while the May 140 calls advanced 2¼ to $7. **De Beers** calls also went better on support ahead of next month's preliminary figures; the March 900 calls advanced 7 to 22c. Movements among puts were dominated by **ICI** with the April 600's 8 up at 32p.

FINANCIAL TIMES STOCK INDICES

	Feb. 28	Feb. 27	Feb. 24	Feb. 23	Feb. 22	Feb. 21	year ago
Government Secs ...	82.72	82.49	82.39	82.96	82.96	82.98	79.21
Fixed Interest	86.86	86.81	86.90	86.99	87.04	87.08	80.66
Industrial Ord....	819.1	819.1†	815.8	806.9	816.4	819.3	641.6
Gold Mines	672.2	652.5	656.6	671.0	668.2	632.4	570.1
Ord. Div. Yield..... ..	4.60	4.59	4.57	4.63	4.50	4.49	4.98
Earnings, Yld.% (full)	9.80	9.79	9.79	9.53	9.41	9.39	10.48
P/E Ratio (net) (*)...	12.35	12.37	12.36	12.64	13.0	13.05	11.52
Total bargains	23,675	27,000	28,040	22,660	22,720	20,532	23,078
Equity turnover £m.	—	274.93	344.94	300.50	279.85	258.41	300.58
Equity bargains	—	21,974	23,881	21,846	19,023	18,687	19,275
Shares traded (ml)...	—	171.6	196.8	178.3	151.2	145.8	115.9

10 am 822.4 11 am 820.4. Noon 830.0. 1 pm 820.2. 2 pm 819.6. 3 pm 820.2.

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 11.63.

†Corrected.

HIGHS AND LOWS

—	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.47 (30/1/84)	79.03 (1/2/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord ..	840.5 (25/1/84)	598.4 (12/1/83)	840.5 (25/1/84)	49.4 (26/6/40)
Gold Mines	754.7 (15/2/83)	444.6 (1/11/83)	754.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 27	Feb. 24
—Daily		
Gilt Edged Bargains ...	186.0	186.4
Equities Bargains ...	142.4	164.7
Equities Value ...	555.7	697.2
5-day Average		
Gilt Edged Bargains ..	169.0	165.6
Equities Bargains ..	136.6	133.9
Equities Value ..	589.0	561.0

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Feb 28 1984 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Feb 27 Index No.	Fri Feb 24 Index No.	Thur Feb 23 Index No.	Wed Feb 22 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (205)	492.75	−0.2	8.69	3.66	14.87	493.52	491.69	486.82	493.20	437.62
2	Building Materials (25)	485.84	+0.5	10.54	4.56	11.82	483.64	483.14	479.70	480.51	423.37
3	Contracting, Construction (32)	756.52	—	12.40	4.76	10.05	756.70	751.04	755.28	762.42	770.63
4	Electricals (15)	1732.99	−0.1	7.07	3.90	17.98	1735.44	1719.61	1695.10	1719.19	1623.73
5	Electronics (24)	1651.17	−0.6	8.73	2.29	14.91	1660.79	1655.85	1629.32	1660.48	0.00
6	Mechanical Engineering (64)	237.51	+0.1	9.95	4.80	12.45	237.30	235.30	233.97	237.83	207.77
8	Metals and Metal Forming (9)	203.81	−0.1	8.08	5.76	16.14	204.05	201.28	199.52	202.72	163.46
9	Motors (17)	135.15	−0.7	1.39	4.81	—	136.06	135.41	135.26	136.88	89.49
10	Other Industrial Materials (19)	628.23	—	5.60	3.54	27.20	628.89	630.89	623.59	628.16	404.51
21	CONSUMER GROUP (196)	480.05	−0.1	10.33	4.23	11.03	490.32	475.54	474.68	477.72	413.34
22	Brewers and Distillers (23)	464.43	+0.3	12.98	5.19	9.53	463.11	460.98	464.41	468.17	468.30
25	Food Manufacturing (22)	389.75	+0.8	12.97	5.31	8.96	386.63	383.95	383.83	384.26	333.35
26	Food Retailing (12)	1086.58	—	7.64	2.69	16.84	1085.94	1072.26	1072.76	1070.24	632.66
27	Health and Household Products (9)	726.66	−0.7	6.48	3.03	18.13	731.74	731.59	718.92	715.50	744.81
29	Leisure (23)	644.43	−0.6	8.85	4.39	14.53	648.43	647.49	646.56	652.44	495.38
32	Newspapers, Publishing (15)	1265.49	+0.7	7.74	3.96	15.44	1256.60	1251.44	1249.25	1259.36	714.47
33	Packaging and Paper (15)	241.05	−0.9	10.21	4.14	12.10	243.21	242.06	242.78	244.41	157.01
34	Stores (47)	432.87	—	8.01	3.59	16.97	432.87	428.66	426.36	430.43	356.57
35	Textiles (19)	272.45	−0.1	11.37	4.46	10.13	272.60	270.56	271.14	273.95	194.25
36	Tobaccos (3)	537.94	−0.4	18.74	6.09	6.04	539.91	512.98	524.60	531.59	423.86
39	Other Consumer (8)	461.11	+0.3	11.21	5.76	—	459.81	459.74	462.52	464.16	369.01
41	OTHER GROUPS (83)	429.54	−0.5	9.26	4.41	13.09	431.82	433.74	431.41	437.36	319.25
42	Chemicals (16)	587.88	−1.1	11.27	4.95	10.47	594.51	607.28	597.32	609.55	413.97
44	Office Equipment (5)	135.49	−0.1	7.42	5.47	17.77	135.59	137.11	136.68	138.72	98.52
45	Shipping and Transport (14)	868.29	−0.1	7.31	4.67	18.49	869.10	866.55	864.61	870.40	595.15
46	Miscellaneous (48)	570.91	−0.2	8.19	3.78	14.63	571.66	566.61	568.47	573.95	454.87
49	INDUSTRIAL GROUP (484)	481.57	−0.2	9.62	4.07	12.88	482.36	479.66	477.34	481.91	409.97
51	Oils (16)	1033.43	+1.2	10.79	5.73	11.26	1021.03	1025.21	1020.67	1038.28	788.75
59	500 SHARE INDEX	527.84	+0.1	9.82	4.35	12.57	527.48	525.38	523.38	528.55	434.62
61	FINANCIAL GROUP (121)	383.82	−0.5	—	5.10	—	385.62	382.70	381.73	383.45	381.97
62	Banks (6)	432.77	−1.1	20.79	6.21	5.22	417.34	421.79	429.89	412.48	316.01
63	Discount Houses (8)	449.91	+0.7	—	6.27	—	436.79	443.69	445.26	443.85	292.14
65	Insurance (Life) (9)	510.72	−0.3	—	4.41	—	512.51	513.07	515.97	519.70	396.13
66	Insurance (Composite) (9)	249.79	+0.1	—	6.64	—	249.47	249.78	249.62	250.10	200.74
67	Insurance Brokers (6)	619.59	−1.1	11.04	4.65	12.47	626.36	624.24	621.58	634.36	549.19
68	Merchant Banks (12)	250.83	+0.2	—	3.78	—	250.26	249.13	251.80	250.02	160.85
69	Property (53)	552.66	−0.5	5.42	3.60	24.77	555.28	544.87	538.32	539.41	452.62
70	Other Financial (18)	273.75	−0.4	10.15	5.82	11.80	274.79	274.63	276.35	276.42	236.51
71	Investment Trusts (106)	492.48	+0.3	—	3.64	—	490.38	488.50	491.46	493.19	405.85
81	Mining Finance (4)	320.20	+0.2	8.25	4.56	14.91	319.64	320.36	320.21	322.45	252.92
91	Overseas Traders (15)	575.66	+0.1	7.85	6.50	14.82	574.85	530.95	582.99	583.66	432.46
99	ALL-SHARE INDEX (746)	498.42	—	—	4.47	—	495.45	491.30	489.89	494.02	482.31

FIXED INTEREST

	PRICE INDICES	Tues Feb 28	Day's change %	Mon Feb 27	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	118.78	+0.21	118.53	—	1.46
2	5-15 years	131.84	+0.34	131.39	—	2.37
3	Over 15 years	140.27	+0.30	139.85	—	2.37
4	Irredeemables	152.14	+0.36	151.59	—	1.28
5	All Stocks	130.35	+0.29	129.98	—	2.05
6	Debentures and Loans	107.98	+0.03	108.11	0.16	1.61
7	Preference	81.58	—	81.58	—	1.70

	AVERAGE GROSS REDEMPTION YIELDS		Tues Feb 28	Mon Feb 27	Year ago (approx)
	British Government				
1	Low Coupons	5 years	9.85	9.88	9.01
2		15 years	10.17	10.22	10.57
3		25 years	9.83	9.87	10.67
4	Medium Coupons	5 years	10.76	10.85	11.59
5		15 years	10.67	10.71	11.44
6		25 years	10.11	10.15	10.98
7	High Coupons	5 years	10.92	11.01	11.66
8		15 years	10.83	10.87	11.65
9		25 years	10.21	10.24	11.13
10	Irredeemables†		9.72	9.75	10.59
11	Debs & Loans	5 years	11.51	11.51	12.49
12		15 years	11.60	11.61	12.64
13		25 years	11.62	11.63	12.68
14	Preference†		12.82	12.80	12.77

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$350	12	59	—	—	—	—	$399.75
GOLD C	$375	3	34	—	—	18	58	"
GOLD C	$400	91	17	66	27	4	38	"
[illegible]								

TOTAL VOLUME IN CONTRACTS 15,566

A=Ask B=Bid C=Call P=Put

FT - SE 100 INDEX

Close	1039.2	(−2.1)
Day's high	1046.9	(9.35)
Day's low	1039.2	(16.50)

(Base value = 1000 January 3 1984)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	83	10	10
Corpns. Dom. and Foreign Bonds	12	1	65
Industrials	324	213	878
Financial and Props.	127	100	298
Oils	35	22	64
Plantations	2	—	4
Mines	76	28	68
Others	56	77	60
Totals	721	469	1,447

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
§§	F.P.	—	42	14½	Aberfoyle Plants 5p..	39	+2	—	—	[illegible]	[illegible]
§58	F.P.	9/3	80	70	✠Assoc.Energy Ser.5p	75	+2	b1.0	3.6	[illegible]	[illegible]
‖	F.P.	—	150	148	✠Brint Invs. £1	148	...	—	—	[illegible]	[illegible]
¶95	F.P.	2/3	225	180	✠CML Mic's'tems 10p	225	...	b1.4	3.4	[illegible]	[illegible]
¶275	F.P.	2/3	340	271	Cable & Wireless 50p	328	−2	h5.47	3.5	[illegible]	[illegible]
‖	F.P.	—	95	88	✠Circaprint Hldgs 10p	90	...	u0.7	7.7	[illegible]	[illegible]
‖	F.P.	—	255	185	✠Gibbs Mew	185xd	..	4.65	1.6	[illegible]	[illegible]
91	F.P.	24/2	99	94	✠GrosvenorSq.Pp.10p	99		b5.0	2.3	[illegible]	[illegible]
§36	F.P.	23/3	42	39	✠Kent (John) 5p ..	41	−1	bg1.25	2.2	[illegible]	[illegible]
‡‡	F.P.	19/3	105	90	✠LPA Inds. 10p.........	90	−5	u2.45	2.5	[illegible]	[illegible]
§110	F.P.	3/4	136	129	Morceau Hldgs. 10p..	136		bg2.7	2.6	[illegible]	[illegible]
§60	F.P.	4/4	77	69	✠Morgan Comm. 5p..	74	.....	bg1.85	1.7	[illegible]	[illegible]
§116	F.P.	—	187	160	✠NorbainElectro's 5p	187	+7	bd1.0	4.4	[illegible]	[illegible]
§60	F.P.	—	70	64	✠Radio Clyde N/V..	70	....	3.0	1.4	[illegible]	[illegible]
§23	F.P.	22/3	27½	25½	✠Sangers Photo. 10p.	25½	.	bg1.25	1.8	[illegible]	[illegible]
—	F.P.	—	64½	61	Shires Ivn. Warrants	63	−1½	—	—	—	—
100	F.P.	27/1	95	84	✠Synterials 10p	84					
§105	F.P.	7/3	114	108	✠Unibond	110	+1	b2.8	2.2	[illegible]	[illegible]
§110	F.P.	2/3	195	140	✠Valin Pollen Int'l. 5p	185	+5	1.6	3.1	[illegible]	[illegible]
§50	F.P.	9/3	54	44	✠Xylyx 10p. ..	48	−3	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price £	+ or −
87.918	£25	—	25⅞	25	Asian Dev. Bk. 10¼% Ln. 2009.....	25⅛	[illegible]
¶ ¶	F.P.	—	106	103¼	Atlanta Inv.Tst. 7% Cnv. Red. Cum. Prf.	103¼	[illegible]
¶ ¶	F.P.	9/3	103½	101	BAT Inds. 12½% Uns. Ln. 2005/08.	103½	[illegible]
¶ ¶	F.P.	—	100	98½	Do. Fltg. Rate Cap. Nts. 1986/90	100	[illegible]
97.072	£25	1/7	26	25¼	Brixton Est.11¼pc 1st Mort. Deb. 2023.	26	[illegible]
• •	F.P.	30/3	111½p	108½p	Bulmer (H.P.) 8¾% 2nd Cum. Prf. ...	110p	[illegible]
99.15	£25	22/3	28⅝	24¾	Elf (U.K.) 12¼% Uns. Ln. '91.	28¼	[illegible]
§98.548	F.P.	—	99	98	Grainger Tst. 11¾% 1st Mort. Deb 2024	98½	[illegible]
99.714	£30	26/4	35⅝	30	Int. Bk. for Rec. & Dev. 11.5% Ln. 2003	32	[illegible]
‖	£30	10/11	48	30½	Lon. Shop Prop. 9pc Cnv. 94/99 Ser II.	44	[illegible]
§96.711	£25	15/6	25⅛	24½	MEPC 10¾pc 1st. Mort. Deb. 2024	25	[illegible]
¶101	£10	14/3	10¼	10¼	Mid-Southern Wtr. 6¾% Red. Prf.1991	10¼	[illegible]
—	F.P.	—	100¼	100	Nationwide 10¼% Bds. 28/1/85 .. .	100¼	[illegible]
—	F.P.	—	100¼	100	Do. 10¼pc 18/2/85	100¼	[illegible]
§97.80	£25	12/7	26½	25½	Province de Quebec 12¾% Ln. 2020	26½	[illegible]
99.44	£25	15/4	28	25¼	Queens Moat 12% 1st Mort. Deb. 2013	28	[illegible]
100	F.P.	—	100¼	98¼	Rochdale Met. Bor. 11.10% Red. 2006	100	[illegible]
¶ ¶	F.P.	—	101¼	100¾	Scot. Northern Inv. Tst11¾%Rd.Db.2009	101¼	[illegible]
¶ ¶	F.P.	30/3	105	107¾	Slough Ests. 12¾% Uns. Ln. 2009..	103	[illegible]
99.895	£30	21/3	32¾	32⅝	Spain 12% Ln. 1988.	32¾	[illegible]
98.50	£25	11/5	25⅛	24⅞	TR City of London 11¼pc Deb. 2014	25⅛	[illegible]

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price	+ or −
A$7.5	Nil	—	340pm	232pm	Broken Hill Prop.A$2 .	240pm	+8
—	F.P.	—	230	138	East Dagga Options..	330pm	+17
160	F.P	3/2	208	196	Ellis & Everard	198	.. ..
50	Nil	—	6pm	4pm	✠ Greenwich Cable Comm..	4pm	−1
275	Nil	9/3	44 pm	32pm	Higgs & Hill .	32pm	−4
137	Nil	8/3	22pm	13pm	McCorquodale..	16pm	.....
535	Nil	—	270pm	210pm	✠Micro Focus 10p	270pm	... ..
185	Nil	—	23 pm	21½pm	Newmarket 5c	23pm	+1½
380	F.P.	29/2	394	378	Sketchley..	378	. .

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimates for 1984. *H* Dividend and yield based on prospectus or other official estimates for 1983-84. *Q* Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Re-introduced. ¶¶ Issued in connection with reorganisation merger or take-over. ▥ Allotment letters (or fully-paid). ‡‡ Introduction. ✠ Unlisted Securities Market. § Placing price. †† Official London Listing. ‖ No par value.

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (107)

BRITISH FUNDS (8)
LOAN (1)
AMERICANS (2)
BANKS (4)
BUILDINGS (7)
CHEMICALS (2)
STORES (3)
ELECTRICALS (8)
ENGINEERING (10)
FOODS (3)
HOTELS (1)
INDUSTRIALS (13)
LEISURE (3)
MOTORS (1)
NEWSPAPERS (4)
PAPER (5)
PROPERTY (11)
SHIPPING (1)
TEXTILES (2)
TRUSTS (7)
OILS (3)
OVERSEAS TRADERS (1)
PLANTATIONS (3)
MINES (4)

NEW LOWS (14)

BRITISH FUNDS (2)
Treas. I.-L. 2pc '90 Treas. I.-L. 2½pc '11
AMERICANS (3)
NYNEX U.S. West
Southwestern Bell
BUILDINGS (2)
Maunders (John) Modern Engineers
ELECTRICALS (2)
Arlen Elect. Pactrol Elect.
INDUSTRIALS (2)
Oakwood Trident Computer
MOTORS (1)
Laidlaw
OILS (1)
Sunmask Pet.
MINES (1)
Admiral Mines

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 20	Mar 2	May 31	June 11
Mar 5	Mar 16	June 14	June 25
Mar 19	Mar 30	June 28	July 9

For rate indications see end of Share Information Service

Money was given for the call of Amalgamated Estates, Unigroup, F. Pratt, English Association, Armour Trust, Bryson, L. Texas, Arlen, Brown and Jackson, Premier Oil, UKO, Rowland Gaunt, Bula, Eglinton, Youghal Carpets, Automotive Products, Combined Technologies, Lister, W. E. Norton, Woodside and Southern Goldfields. Puts were struck in Amstrad and Arlen, while a double was arranged in Forshaws Burtonwood.

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Norbain Elect N	24	180	—
Mollins	23	30*	−22
ICI	22	584xd	−4
BAT Inds	20	189	+11
Applied Cmptr	15	640	+30
Aberfoyle Pints	14	37	+7
Vickers	12	157	+12
BTR	11	427	−5
Beecham	11	313	−2
Hogg Robinson	11	173	+1
Lon and Nrthn	11	82	+5½
Electro - Prtctv	10	174	+18
Lloyds Bank ...	10	605	+15
Polly Peck	10	310	+8

* Price at suspension

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Arlen Elect	94	−6
Barclays Bank	543	−7
BP	427	+5
Britoil	247	+9
De Beers Dfd	605	+20
Empire Stores	84	+6
Fleet Holdings	179	+4
ICI	574	−10
Lloyds Bank	593	−12
London Brick	173	+12
Turner and Newall ...	90	+8
Vickers	164	+7

LONDON TRADED OPTIONS

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
LASMO (*318)	260	70	75	—	6	12	—
	280	53	65	—	8	20	—
	300	35	48	65	15	28	55
[illegible]							

Feb. 28. Total Contracts. 2,496. Calls 1,905. Puts 591

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1983-84 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
104⅜	100	Exchequer 14pc. 1984	100	-⅛	13.86	9.39
98⅛	92½	Exch. 3pc 1984	98	+⅛	3.05	8.64
102	100	Treasury 12pc 1984	101½xd	+⅛	11.82	9.25
107	104	Treasury 15pc 1985	105⅛	+⅛	14.27	9.37
107	101	Exch. 12pc Cnv. '85	102½xd	+⅛	11.71	9.50
94⅜	88⅝	Treasury 3pc 1985	93	+⅛	3.21	8.63
102½	99⅞	Treasury 11½pc 1985	102¼	+⅛	11.25	9.69
102	95	Treas 8¾pcCnv '85	99 xd	+⅛	8.80	9.13
103¼	100⅛	Exch. 12¼pc 1985	103⅝	+¼	11.82	9.85
103	99	Exch. 11¾pc '86	103	+¼	11.39	9.93
102¾	97¼	Treas 10pc Cnv 1986	100¾	+⅛	9.93	9.57
90¼	85⅝	Treasury 3pc 1986	88	+⅛	3.39	8.84
101	97	Exch. 10½pc Cv '86	101	+⅛	10.38	9.87
103	100	Treasury 12pc '86	103	+¼	11.60	10.24
98¼	94⅛	Treasury 8½pc '84-86‡‡	97½	-⅛	8.72	9.70
109	105	Exch. 14pc 1986	107⅞	+¼	12.98	10.49
87⅛	84½	Exch 2½pc 1986	85	+⅛	2.93	8.59
107¼	103⅝	Exch. 13¼pc 1987	106	+⅛	12.42	10.48
100	95⅞	Treas 10¼pc Cnv '87	100⅛	+⅛	10.24	10.18
86½	80¾	Exchequer 2½pc 1987	84	-⅛	2.97	8.66
100	95⅞	Exch. 10½pc 1987	99	+⅛	10.52	10.55
93¼	88¼	Funding 6½pc '85-87‡‡	91⅛	.....	7.11	9.72
98	96	Treas 10pc 1987	98	+⅛	10.15	10.49
86	80¼	Treasury 3pc 1987	82½	-⅛	3.64	9.14
104⅝	99⅞	Treas 12pc 1987	103	+⅛	11.56	10.69
94⅞	89⅝	Treasury 7¾pc '85-88‡‡	93⅜	.....	8.30	9.82
101½	95½	Exch 10½pc '88	99	+⅛	10.52	10.55
98⅛	95	Treas 9¾pc Cnv '88	97	+⅛	9.97	10.37
82	75¾	Transport 3pc '78-88	80½	+⅛	3.73	8.46
96¼	90¼	Treas. 9½pc '88	95	+⅛	9.92	10.64
106¼	95¼	Treasury 11½pc 1989	103	+⅛	11.16	10.68
Five to Fifteen Years						
103	94¼	Treas 10½pc 1989	101½	+⅛	10.58	10.66
99⅛	96⅛	Exch 10pc 1989	99⅛	+⅛	10.29	10.67
85⅛	76	Treasury 5pc '86-89	84⅝	+¼	6.06	9.03
114	103	Treasury 13pc 1990‡‡	110½	+½	11.98	10.89
110⅞	100⅞	Exch. 12½pc 1990	106½xd	+½	11.67	10.87
93¼	86¼	Treasury 8¼pc '87-90‡‡	91⅛	+⅛	9.22	10.55
66	20	Treas 10pc Cv '90 (£65pd)	66	+⅛	10.32	10.68
108¼	97	Treasury 11¾pc 1991	105⅛	+½	11.35	10.99
84⅛	74⅜	Funding 5¾pc '87-91‡‡	83¼	+⅛	7.11	8.50
104⅜	95⅞	Exch. 11pc 1991	104⅜	+⅛	10.94	10.88
114¼	102	Treasury 12¾pc '92‡‡	110⅛	+⅛	11.72	11.04
100⅝	88⅜	Treasury 10pc 1992	96⅞	+⅛	10.35	10.63
111¼	98½	Exch. 12¼pc '92	106⅝	+⅛	11.50	11.05
117	106½	Exchequer 13½pc '92	111¼xd	+⅛	11.99	11.10
114	101¼	Treasury 12½pc '93‡‡	110	+⅛	11.53	11.08
79⅜	71	Funding 6pc 1993‡‡	75⅞xd	+¼	7.88	9.93
120¼	110½	Treasury 13¾pc 1993‡‡	119	+¼	11.92	11.12
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY—Continued

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

850	515	Cons. Murch. 10c.	805	.....	100c	♦	7.5
£18½	£10⅝	Eastern Trans Com 50c	£18	+¼	Q85c	4.9	2.4
240	170	Hampton Areas 10p	225	.....	3.75	2.1	2.2
215	103	♥Highwood Res. ...	180	−2	—	—	—
£24½	£17½	Homestake Mining $1	£23¼	−⅛	Q20c	—	0.6
495	275	Northgate C$1 ...	315	−15	—	—	—
687	437	R.T.Z.	665	+2	117.0	2.9	3.6
£148½	£108	Do. 9½%Cnv.Ln. 95-2000	£145½	+½	Q9½%	32.5	F6.6
190	13	♥Sabina Inds C$1	95	+3	—	—	—
£11¼	312	♥Tara Expln. $1 ..	960	−15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed, dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	76	.....	Fin. 13% 97/02	£91½	....
Craig & Rose £1	900	....	Alliance Gas	72	....
Finlay Pkg. 5p	48	....	Arnott	217	....
Higsons Brew.	100	+3	CPI Hldgs	86	....
Holt (Jos) 25p	890	.....	Carrol Inds	117	+1
I O M Stm. £1	127	.....	Hall (R. & H.)	61	....
			Heiton Hldgs	21	−4
			Irish Ropes	54	....
IRISH			Jacob (W. & R.)	65	+4
Exch 12% 1985	£99	.....	T M G	78	....
Nat 9¾% 84/89	£86¾	.....	Unidare	77	.....

For Bridgewater see Property

OPTIONS

3-month Call Rates

Industrials					
Allied Lyons	13	House of Fraser	21	Vickers	12
BOC Grp.	20	I C I	45	Woolworth Hld.	35
B.S.R.	18	"Imps"	12		
Babcock	15	I C L	6	**Property**	
Barclays Bank	45	Ladbroke	21	Brit. Land	9
Beecham	28	Legal & Gen.	45	Cap Counties	15
Blue Circle	40	Lex Service	35	Land Sec.	34
Boots	17	Lloyds Bank	50	MEPC	24
Bowaters	22	"Lots"	3	Peachey	17
Brit. Aerospace	19	London Brick	18	Samuel Props.	12
B A T	14	Lucas Inds	16	Sterling Guar.	4
Brown (J.)	3	"Mams"	12		
Burton Ord.	38	Mrks & Spncr	20	**Oils**	
Cadburys	11	Midland Bank	42		
Courtaulds	11	N.E.I.	10	Brit. Oil & Min	6
Debenhams	14	Nat West. Bank	55	Brit. Petroleum	35
Distillers	20	P & O Dfd	22	Burmah Oil	16
Dunlop	5	Plessey	20	Charterhall	8
Eagle Star	60	Racal Elect.	18	Premier	5
F N F C	6½	R H M	7	Shell	50
Gen. Accident	42	Rank Org. Ord.	19	Tricentrol	20
Gen. Electric	17	Reed Intnl	34	Ultramar	60
Glaxo	75	Sears	8		
Grand Met.	30	T.I.	14	**Mines**	
G U S. 'A'	55	Tesco	16	Charter Cons	22
Guardian	45	Thorn EMI	55	Cons. Gold	50
G K N	16	Trusthouse	16	Lonrho	8
Hawker Sidd	32	Turner & Newall	8	Rio T. Zinc	58
		Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

Insurances—continued

[illegible]

Colonial Mutual Group				
24 Ludgate Hill. EC4P 4BD. 01-248 9861				
Capital Life Assurance				
Key Inv Fd	—	127.95	....	—
Pcmkr Inv Fd	—	126.46	....	—
Equity Fd	109.86	115.64	....	—
Fxd IntFd	105.63	111.21	....	—
Prooty Fd	102.02	108.44	....	—
Cash Fd	101.43	106.70	....	—
Managd Fd	111.37	117.23	.	—
Col Mut Life (Pension Annuities)				
MPCpA/B	102 09	107.47	+2.93	—
MPInvA/B	102.43	107.84	+3.02	—
Commercial Union Group				
St Helens. 1 Undershaft. EC3. 01-283 7500				
VarAnAcFb25	—	158.87	....	—
VarAn Mar 2	—	34.48	....	—
Prime Series—Life				
Managed	133.3	140.4	−0.2	—
UK Equity	138.5	145.8	+1.0	—
Int Equity	125.9	132.6	−2.3	—

[illegible]

Offshore & Overseas—continued

[illegible]

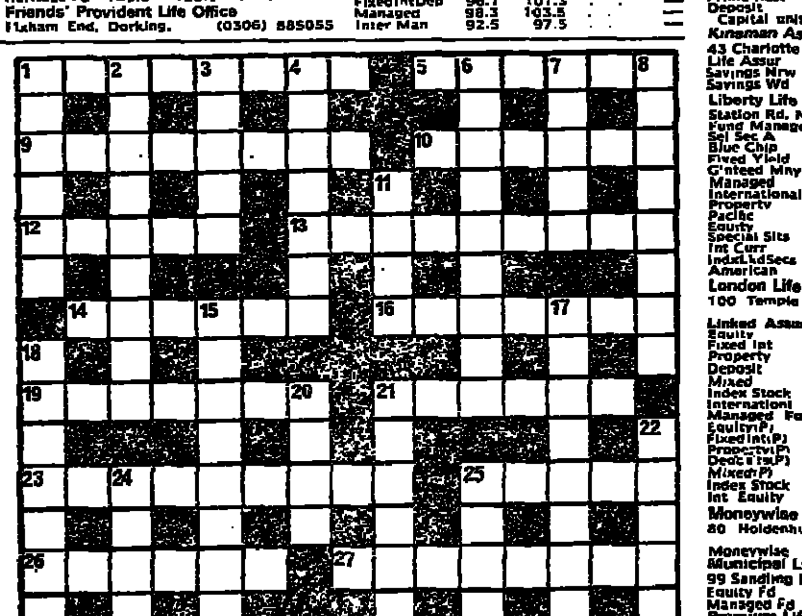
Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

F.T. CROSSWORD PUZZLE No. 5,355



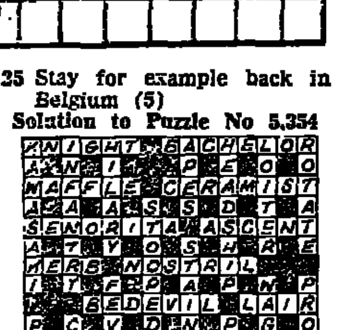
ACROSS

1 Tie up and force to go without food (4, 4)
5 *Changes* made in compensation (6)
9 Strange behaviour leaving heir . . . (6, 2)
10 . . . to cure the trend during rehearsal (3, 3)
12 It happens in even the biggest companies (5)
13 Unbeatable: no contest! (9)
14 One has to be near to notice couple (6)
16 Club that is after money (7)
19 He regrets not having park*ing place to get into again* (2-5)
21 Particular party (6)
23 Left a sheet in the briefcase (9)
25 The French article could change the shape of things (5)
26 It calls attention to the time of one's prime (3-3)
27 About finished and allowed on bed (8)
28 Sword possibly looted from Spain (6)
29 Always written poetically in stage direction (8)

DOWN

1 A thousand silver fish is an attraction (6)
2 In very uncertain situation, cut the margin (5-4)
3 Escape without having left a scrap (5)
4 Weather over the island could be abominable (7)
6 A review which cannot take place before April? (5, 4)
7 Steel or brass (5)
8 It's risen anyhow — and that's ominous (8)
11 End of second barrel (4)
15 Immediately from what was dealt (3, 2, 4)
17 Spark off a little interest in plant (9)
18 Fall down, exhausted by stroke during match (4-4)
20 Lay down the norm (4)
21 Proud to get involved, although one didn't stay to *the end* (4-3)
22 Decide to stay (6)
24 Return to deposit gold sovereign (5)
25 Stay for example back in *Belgium* (5)

Solution to Puzzle No 5,354



INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd		250 72		—
Managed Inc Fd	167.73	176 56		—
Property Fd.	153 12	161 18		—
Fixed Interest Fd	148 81	156.66		—
Cash Fd	119 97	126 29		—
Income Fd	196 83	207.19		—
Extra Income Fd	188.24	198 15		—
Worldwide Growth Fd	236 57	249 03		—
Balanced Fd	195.32	205 60		—
Smlr Co's & Recy Fd	222.61	233 70		—
Int Technology Fd	270 21	284 48		—
Nth Amer & Gen Fd	160 45	168 88		—
Energy Int Fd	111 90	117 79		—
Pacific Basin Fund	160.26	168.70		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	116.4	122 5		—
Property	119 6	125 9		—
Equity	126 0	132 6		—
International	128 0	134 7		—
Fixed Interest	104 1	109 6		—
Deposit	101 1	106.5		—
Managed Pen. Cap.	115 8	121 9		—
Property Pens. Cap	120 2	126 5		—
Equity Pens. Cap	120.7	127.1		—
Intnl Pens. Cap.	131 1	138.0		—
Fixed Int Pens. Cap	100.1	105.4		—
Deposit Pens. Cap.	98.3	103 5		—

Canada Life Group
2-6, High St., Potters Bar, Herts P. Bar 51122

Equity Gth Jan 31		107 1		—
Rinl. Fed Jan. 6		200.3		—
Managed Pen Fund	187 5	197 4		—
Property Pen Fund.	117 7	123 9		—
Index Linkd Pen Fund	112 6	118.5		—
Managed	127 6	134 4	+0.4	—
Property	106.4	112.0		—
Gilt and Fixed Interest	109 1	114 9	+0 6	—
Index-Linked.	96 1	101 2	−0.7	—
Equity.	128.3	135 1	+0 1	—
Cash	106.5	112 2		—
Midland Bk. Unit Tst.	126 8	133 5	+0.1	—
Midland Bank Intnl	145.4	153.1	−0.2	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£40 32	—	+0 15	—
Property Units	£17.47	—		—
Equity Bond/Exec	£26.12	27.64	+0.10	—
Prop Bond/Exec.	£22 83	24 16		—
Bal Bd./Exec/Unit.	£23 77	25 15	+0 07	—
2nd Equity Acc.	203.4	215.3	+0 8	—
2nd High Inc/Acc	168 4	178.2	−0 2	—
2nd Property Acc.	174.0	184 1		—
2nd Managed Acc.	172 1	182 1	+0.4	—
2nd Deposit Acc.	147.1	155.7		—
2nd Gilt Acc	145 9	154.4	−0.1	—
2nd American Acc.	163.9	173.4	+2.5	—
2nd Intl Money Acc	144.5	152.9	−0 4	—
2nd Index Acc	98.3	104.0	−0 6	—
2nd Far East Acc.	100.5	106.5	+0.5	—
2nd Eq. Pens./Acc.	288.5	305.3	+1.5	—
2nd Hi Inc Pens/Acc.	179.9	190.4	−0.3	—
2nd Prp. Pens/Acc	224 0	237 0		—
2nd Mgd. Pens/Acc.	221.4	234.3	+0.8	—
2nd Dep. Pens/Acc	195 1	206.5		—
Gilt Pens/Acc.	191.2	202.3	−0 1	—
2nd Am. Pens/Acc.	219 9	232.7	+3 4	—
2ndIntl MoneyPens/Acc	176.9	187.2	−0.8	—
2nd Index Pens./Acc.	104 4	110.5	−0.5	—
2nd Far East Pens/Acc.	101.3	107 2	+0.6	—
L & E S.I.F.	74 5	79 0	+0.5	—
L & E S.I.F. 2	50.5	53.5		—

Current value at Feb. 27.

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	122 4	128 9	+0 4	—
GT Pln High Yld Fnd.	131 2	138.3	+1 1	—
GT Plan Far East Fnd	128 0	134 8	+0 6	—
GT Plan N. Am Fd	125 5	132 2	+0 3	—
GT Pln UK&G. E. Fnd	149 5	157 4	+1 6	—
GT Pln Wrldwde Fnd	146 3	154 0	+1 8	—
GT Pension Bnd Fnd	133 8	140 9	+0 6	—
GT Pen High Yld Fd	150 9	158 9	+1 3	—
GT Pen Far East Fd	158 6	167 0	+0 8	—
GT Pen N. Am. Fd	176.2	185 5	+0 7	—
GT Pen UK & G. E. Fd	172 9	182 1	+1 8	—
GT Pen Worldwide Fd	156 9	165 2	+2 0	—

Prices for Accum Units only

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY 01-488 0733

Intl Managed Bond.	172 0	181.1		—

General Portfolio Life Ins. PLC
Cronbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd Acc.		257 8		—
Portfolio Fd Int.		209 8		—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth 0202 767655

Managed Fd	276.3	291 1		—
Money Fd	157 6	165 9		—
Equity Fd	229 2	241 5		—
Fixed Int Fd	119 8	126.2		—
Property Fd	176.2	185 7		—
Managed Pen. Fd	272 5	287 1	+1 1	—
Equity Pension Fd	173 7	183 0	−1 5	—
Fixed Int. Pen. Fd.	168 8	177 9	+0.2	—
High Yield Pen Fd	166 5	175.5	+0.2	—
Money Pension Fd.	131.6	138 6	+0 3	—
Property Pension Fd	129 9	136 9		—

Gresham/Framlington

American & Gen Fd.	218.4	230 1	+5 3	—
Income Fd	208 7	219 9	+1 6	—
Int'l. Growth Fd.	263 6	277 8	+4 4	—
Capital Fund	217 8	229 5	+2 5	—
Recovery Fund	160 7	169 3	+2 3	—
Japan & Gen Fd	96.3	101 5		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	£1,536	—		—
Landbank Secs	£0 6674	—		—
Landbank Secs. Acc.	189.2	194 1		—
G & S. Super Fd.	£11.5590	—		—

Guardian Royal Exchange
Royal Exchange, EC3 01-283 7101

Guardian Assurance

Property Bonds.	307 4	320 2		—

GRE Linked Assurance Ltd.

Managed Initial	220 5	232 1	+1 2	—
Do. Accum.	246.8	259 8	+1 4	—
Equity Initial	282 7	297 6	+7 6	—
Do. Accum	316.4	333 1	+8 5	—
Fixed Int. Initial.	198.2	208.7		—
Do. Accum	221.9	233 6		—
Intnl Initial	211 1	222.2	+2 5	—
Do Accum	236 3	248 7	+2.8	—
North American Initial	93.2	98 1	+0 3	—
Do. Accum	94 9	99 9	+0.3	—
Pacific Initial	106 9	112.6	+0 8	—
Do. Accum	107 9	113 6	+0.8	—
Index-Linked Gilt Init.	92.3	97 1	+0 1	—
Do Accum	94 0	98 9	+0.1	—
Property Initial	123 7	130 2	−0 4	—
Do Accum	138.2	145.5	−0 6	—
Deposit Initial	124 0	130 6		—
Deposit Accum.	138 8	146.1		—

GRE Pensions Management Ltd.

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

NOTES

[illegible]

COMMODITIES AND AGRICULTURE

Sharp fall in zinc prices

BY OUR COMMODITIES STAFF

THE ZINC PRICE decline accelerated yesterday as falls encouraged by firmer sterling against the dollar triggered chartist and stop-loss selling. News that workers at U.S. producer Amax Incorporated's Sauget, Illinois, refinery had ended a two-week strike also influenced the fall.

The cash zinc price on the London Metal Exchange ended at £640 a tonne, down £25.50 on the day and £91.50 below the recent 9¾-year peak.

Traders noted, however, that the continuing tight nearby supply situation was reflected in the widening of the cash premium over the three months' position from £4 to £6.50 a tonne.

Sterling's strength also depressed other base metals. Cash high grade copper ended £12.25 down at £973.75 a tonne, cash aluminium £11 down at £977.50 a tonne, cash lead £1.50 down at £277 a tonne, and cash nickel £54 down at £3,073.50 a tonne. Dealers said further selling of nickel was encouraged when the three-months position broke through the psychologically significant £3,200 a tonne level.

George Milling - Stanley writes: Physical demand for gold is likely to increase this year as the world economic recovery gathers pace and the gold price should rise as a result, according to Mr Edward Osborn, chief economist of the Chamber of Mines of South Africa.

Mr Osborn told a precious metals conference at Sun City in the South African black homeland of Bophutatswana that industry and jewellery, which together account for around two-thirds of world consumption, will probably consume more gold this year than in 1983.

Last year, demand from general industry, jewellery and dentistry declined from 1,090 tonnes to 890 tonnes, but the chamber's marketing arm, Inergold, forecasts that this will recover to more than 1,000 tonnes in 1984.

Statistics show that, even in the countries which are major purchasers of jewellery, notably the U.S., only 23 per cent of the population bought any jewellery last year, Mr Osborn said. "There is therefore ample opportunity to expand the market," he added.

Demand from central banks and private investors is also expected to increase this year. Mr Osborn pointed out that the future is so uncertain and financial nervousness so widespread that be believes there will be a general tendency among central banks to hold on to, and indeed increase, their gold reserves.

He said efforts are being made to broaden the market for gold, especially in the fields of electronics and dentistry where substitution by other metals has had an impact on patterns of consumption.

The chamber feels that this trend may have run its course, as all the straightforward substitutions have already been made. "Further reductions in gold use due to these will be minimal at most," Mr Osborn said.

Chicago plans two energy futures

By Our Commodities Editor

THE introduction of two energy futures contracts is planned by the Chicago Mercantile Exchange. It is to start trading on March 26 in leaded regular gasoline and heating oil (number 2 grade fuel oil). The exchange submitted a crude oil contract for approval by the Commodities Futures Trading Commission in November and hopes to start trading in that too later this year.

The Chicago Board of Trade also announced recently that it is to seek approval for changes in its crude oil futures contract, which was introduced last year but has failed to attract much support.

However, the entry of the Chicago Mercantile Exchange, which has a formidable reputation for marketing its contracts, especially financial futures, means that it will rival the established oil futures contracts on the much smaller New York Mercantile Exchange (Nymex).

The Chicago exchange said both contracts would offer delivery at the Gulf Coast, the centre of the U.S. oil industry.
avPwith.Mitw-e"b- t3

● AN INDEPENDENT review of the effectiveness of meat promotion is to be set up by the UK Meat and Livestock Commission (MLC). Among other questions it will examine the case for continuing generic promotion of meat by its meat promotion executive offshoot.

MLC levy rates for funding general development work and meat promotion are to rise from April 2. Headage rates will go up by 4p to £1 for cattle, 1p to 22p for sheep and 2p to 38p for pigs. The calf levy will remain at 8p per head.

● PHILIPPINE sugar trading has been opened to private traders following presidential approval of amendments to a decree which originally empowered the National Sugar Trading Corp (Nasutra) to monopolise sugar trade for seven years.

Aftermath of a boom-burst in palm oil

Wong Sulong on the fortunes lost of an important Malaysia export

THE RECENT upsurge and collapse of palm oil prices in Malaysia have left a trail of havoc. Scores of speculators lost heavily in the boom-burst on the Kuala Lumpur Commodities Exchange, several trading companies were suspended for inability to meet their obligations and the integrity of the exchange was put into question.

For the first seven months of last year, prices of palm oil, now Malaysia's second most important export after crude oil, hovered around R800 ($348) per tonne.

Prices began to move in August, averaging R1,056 that month. By December, it had risen to R1,412.

A combination of factors—the full impact of lower soyabean production in the U.S., a much lower-than-anticipated output of Malaysian palm oil and increased buying by India and Pakistan—created a transient tightness of supply on the exchange to force prices up at the start of 1984.

By January 9, crude palm oil had breached the R2,000 in spite of increased margins imposed by the exchange. A week later it hit the all-time high of R3,000.

But then prices began to ease on strong profit-taking and the plunge has been as relentless as the climb.

Palm oil is now being traded at the more realistic level of R1,350.

In the aftermath of the collapse, it is common to hear of speculators losing a small fortune.

A group of Singapore businessmen was reported to have lost at least R26m on the market. But the most disturbing development was the accusation of improper conduct levelled at the exchange and the Kuala Lumpur Commodities Clearing House by clients of Sakapp, a commodities company.

The Sakapp clients are demanding an inquiry by the Commodities Trading Council into their allegations and are threatening to sue the exchange and the clearing house.

This represents the most serious attack on the exchange since its formation. Until now, it has performed remarkably well, in spite of scepticism on the part of many international traders.

Last year, the turnover was around 180,000 lots of 25 tonnes each, representing a two and a half fold increase over that of 1982.

Rubber futures were successfully introduced on the exchange late last year and now the authorities are looking forward to putting tin on the market around mid-year.

Whether the Sakapp allegations will erode confidence in the exchange remains to be seen but, for their part the Malaysian authorities are anxious that the issue be resolved amicably, without public acrimony if possible. They feel part of the problem lies in the newness of the exchange and a certain vagueness in the rules.

If they have their way, the Malaysian Government would not like to see the boom-burst conditions recur for the long-term health of this vital industry.

For the past three years, palm oil has been sold at a discount to soya bean, its main competitor. This has enabled Malaysian exporters to carve out lucrative markets for palm oil in India, Pakistan, Japan and the Middle East.

Last year, India alone bought over 600,000 tonnes of Malaysian palm oil. But since December, palm oil has been selling at a high premium over soya bean and there is already a noticeable switch away from palm oil by consuming countries.

In the years to come, Malaysia will be producing increasing volumes of palm oil—an estimated 3.4m tonnes this year: 4.2m tonnes by 1985 and 5.6m tonnes by 1990.

Malaysian exports represent more than 85 per cent of the world's trade in palm oil (which in turn represents 10 per cent of the trade in edible oils and fats).

The challenge is to find markets to absorb the palm oil. Extreme price fluctuations are certainly not the best way to retain customers, especially when they are mainly from developing countries with low foreign exchange reserves.

Malaysian government officials say they would be quite happy if the palm oil price remains within the region of R1,100 to 1,400, since the production cost is only R600 per tonne.

● Malaysia is only waiting for premises to be completed to start physical and futures trading in tin, Mr Paul Leong, primary industries minister, said.

"All necessary preparations have been completed and the markets will be launched once the premises are ready for occupation," he told a workshop attended by representatives of the local tin industry.

Potato consumption rises

BY JOHN EDWARDS

CONSUMPTION OF potatoes rose in the last half of 1983 in spite of the rise in prices, according to latest estimates issued by the Potato Marketing Board yesterday.

It puts consumption of potatoes in June to December at 3,428,000 tonnes, compared with 3,320,000 tonnes in the same period in 1982 and 3,245,000 tonnes in the last half of 1981.

The Board also estimated that stocks of potatoes on farms in mid-January totalled 2,431,000 tonnes. This is well below the 1983 equivalent of 3,269,000 but above the 1982 figure of 2,410,000 tonnes.

Reaction of the London potato futures market was for prices to move up, wiping out Monday's losses. The May position closed £5 up at £241.5 a tonne.

However, there was considerable scepticism among futures traders about the board's figures. One trader commented: "There are lies, damned lies and PMB statistics." Traders feel that the board's figures do not add up and give an inaccurate, over-optimistic picture of consumption trends.

Nevertheless, the board contends that demand is being maintained. As a result there should be just about adequate supplies to go round, with imports making up the shortfall in the UK crop following the poor weather conditions last year. One consolation is that the colder weather is helping to keep stocks at a reasonable quality level.

Warning on U.S. cotton

U.S. cotton supplies could be tighter during the 1984-85 season (August-July) than expected earlier because of smaller than anticipated plantings, the U.S. Agriculture Department said.

But in a summary of its cotton and wool situation report, the department said yields could be relatively high as less productive land is idled under the 25 per cent acreage reduction programme.

It said the economic recovery is boosting U.S. mill use of cotton this season about 5 per cent to an estimated 5.8m bales (480 lb).

However, the department said sl wer economic growth in 19.5, competition with man-made fibres and a large textile trade deficit could push mill use lower in 1984-1985.

Captain Kirk fights British fishing fine

BY RICHARD MOONEY

THE £30,000 fine imposed on Mr Kent Kirk, by North Shields magistrate's court last year was "discriminatory, unnecessary and excessive," Captain Kirk's British lawyer told the European Court yesterday.

Mr Kirk incurred the fine, plus a similar amount in costs, in January 1983 when, accompanied by a boatload of reporters, he defied a British ban on foreign fishing it its coastal waters.

Sir Patrick Mayhew Britain's solicitor general, told the court that the emergency fishing rules, imposed because of the failure of Common Market fisheries ministers to agree on a common fisheries policy by the January, 1983, deadline, were vital to protect the nation's inshore trawler fleets and to prevent a damaging "free for all."

He rejected claims that the UK Government had acted illegally in imposing the rules.

But Mr David Vaughan, QC, acting for Captain Kirk, said the Government's action was wholly against the fundamental principle of equal rights which was the "golden thread" of the Treaty of Rome, the EEC's founding treaty.

"There was no question or risk of an armada sailing into British coastal waters," he said.

Mr Vaughan claimed that the UK restrictions had invited and incited action such as that taken by Mr Kirk, who is also a member of the European Parliament.

A verdict will be announced at a later date.

Traders discuss rubber stockpile

THE International Natural Rubber Organisation (Inro) buffer stock committee began a two-day meeting yesterday at which delegates were expected to discuss the possible sale of stockpile rubber by the Inro buffer stock manager, reports Reuter.

The stockpile is estimated at 270,000 tonnes. Rubber traders said the meeting was significant and timely in the light of strong indications that the manager may intervene in the market soon to stabilise rising prices.

PRICE CHANGES

In tonnes unless stated otherwise	Feb. 28 1984	+ or —	Month ago
Metals			
Aluminium	£1100	....	£1100
Free Mkt	$1500/1550	....	$1530/560
Copper			
Cash h Grade	£973.75	—12.25	£993
3 mths	£994.75	—11.5	£1017.25
Cash Cathode	£963	—10.75	£984.5
3 mths	£984	—10.5	£1005.75
Gold troy oz.	$398.75	+4.5	$375.125
Lead Cash	£277	—1.5	£279
3 mths	£286.25	—1.5	£286.25
Nickel	£5025.64	....	£4945
Free Mkt	203/223c	....	207/227c
Palladium oz.	$159.50	+1	$160.75
Platinum oz.	£270.00	—1.1	£274.56
Quicksilvert	$290/300	....	$302/308
Silver troy oz.	660.75p	+12.35	600.65p
3 mths	675.60p	+12.28	614.10p
Tin cash	£8390	—5	£8635
3 months	£8517.5	....	£8790.5
Tungsten	$75.07	....	$74.41
Wolfram 22.04lb	$76/80	+1	$74/78
Zinc	£640	—25.5	£731.5
3mths	£634.6	—27	£717.5
Producers	$1,050	....	$1010/060

	Feb. 28 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1140v	+10	$1120
Groundnut	‡	....	‡
Linseed Crude	£397	....	£444
Palm Malayan	$675x	+15	$605
Seeds			
Copra Phil	$720w	—5	$720
Soyabean (U.S.)	$305.90z	+0.15	$299.60
Grains			
Barley Fut. May	£120.45	—0.10	£120.20
Maize	£147.00z	....	£145.50
Wheat Fut. May	£124.40	+0.50	£122.05
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1699	—25	£1945
Futures May	£1664.5	—32.5	£1876.5
Coffee Ft. May	£1911.5	—19.5	£2088.5
Cotton A Index	87.95c	+0.3	88.00c
Gas Oil Mar	$246.75	+3.25	$252.5
Rubber (kilo)	81p	—1	91p
Sugar (raw)	£112vu	—3.5	£126.5
Woolt'ps 64s	470 pkilo	....	466pkilo

‡Unquoted. uApril. zMarch. xMay. vFeb-March. wMarch-April. †Per 75 lb flask. *Ghana cocoa. nNominal. cCents per pound.

LONDON OIL

The gas oil market opened $2.00-$3.00 higher and moved down during the morning as the reports of an attack on Kharg Island were increasingly strongly reputed. A sharp rally after the opening in New York pushed London to the highs and it remained steady until the close, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.45-28.70	+0.10
Iranian Light	27.70-28.00	—
Arab Heavy	26.60-26.90	+0.03
North Sea (Forties)	29.85-29.90	+0.30
North Sea (Brent)	29.90-30.20	+0.25
African Bonny Li'ht	29.70-29.90	+0.15
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	279-284	+5
Gas Oil	252-257	+5
Heavy fuel oil	173-179	+0.5

Sales: 80 (76) lots of 100 tonnes.

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Mar	—	—	—
Apr.	31.09	+0.66	—
May	30.72	+0.77	—
June	30.45	+0.45	30.45
July	29.90	—	—
Aug	29.90	—	—

Turnover: 3,070 (1,362) lots of 100 tonnes.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Feb	244.50	+1.50	245.50-43.00
Mar.	246.75	+3.25	247.00-44.00
April	246.50	+4.25	248.00-45.00
May	246.00	+2.75	245.00-41.00
June	243.50	+2.75	243.50-40.00
July	243.75	+1.75	243.75-41.00
Aug	246.00	+2.00	245.25-43.00
Sept	246.50	+2.50	246.50-45.50
Oct.	246.50	—1.00	—

Turnover: 1 (0) lots of 1,000 barrels.

GOLD MARKETS

Gold rose $4¼ to $398½-399 on the London bullion market. It opened at $399¼-400¼ and was fixed at $400 in the morning, and $399¼ in the afternoon. The metal touched a peak of $401¼-$401¾ and a low of $397¼-397¾.

In Paris the 12½ kilo gold bar was fixed at FFr 103,100 per kilo ($399.54 per ounce) in the afternoon, compared with FFr 103,100 ($399.65) in the morning, and FFr 102,900 ($394.49) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,385 per kilo ($399.02 per ounce), against DM 33,565 ($395.03) previously, and closed at $399-399½ compared with $393½-394.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $400.50 against $394.75.

In Zurich gold finished at $398¾-399¼, compared with $393¼-$393¾.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
March	—	—	—
April	402.70-02.90	+5.55	405.20-02.50
June	409.00-09.70	+5.75	411.00-09.10
Aug	416.10-16.80	+5.95	418.00-17.00
Oct	423.30-24.50	+6.25	424.00
Dec	430.30-31.20	+6.75	—

Turnover: 819 (615) lots of 100 troy ounces.

	Feb. 28		Feb. 27	
Gold Bullion (fine ounce)				
Close	$398½-399	(£267½-268)	$394-394½	(£268¼-268¾)
Opening	$399¼-400¼	(£268¾-269¼)	$394½-395	(£269-269½)
Morning fixing	$400	(£268.132)	$394	(£268.997)
Afternoon fixing	$399.25	(£267.468)	$393.50	(£267.994)

Gold and Platinum Coins Feb. 28

Krugrnd	$410¾-411¼	(£275¾-276)	King Sov	$94½-96	(£63½-64½)
½ Krug.	$211½-212½	(£142-142½)	Victoria Sov	$94½-96	(£63½-64½)
¼ Krug.	$108-109	(£72½-73¼)	French 20s	$81-81¼	(£54½-54¾)
1/10 Krug.	$44-45	(£29½-30¼)	50 Pesos Mex	$493¾-495¾	(£331¼-332½)
Mapleleaf	$410½-411	(£275½-275¾)	100 Cor. Aust	$390-394	(£261¾-264½)
New Sov	$93½-94	(£62¼-63)	$20 Eagles	$580-590	(£389¼-396)
½ New Sov.	$56-57	(£37½-38¼)	Noble (Plat.)	$413¼-418	(£277¼-280¾)

EUROPEAN MARKETS

ROTTERDAM, February 28.

Wheat—(U.S.$ per tonne): U.S. Two Soft Red Winter March 152, April 153, May 154, June 15/July 15 145. U.S. Two Northern Spring 14 per cent protein March 192.50, April/May 10 174.50, May 174, June 173, July 172, Aug 168, Sept 167. U.S. Three hard Amber Durum April/May 188, June 187, July 186, Aug 183, Sept 176.50, Oct 178. Canadian One Western Amber Durum April/May 200, June 199, Nov 195.

Maize—(U.S.$ per tonne): U.S. Three Yellow afloat cif Ghent 154.50, March 152, April 151, May 152, June 152, July/Sept 150, Oct/Dec 133 sellers. Argentine Plate mid-Feb/mid-March 161, April 151, April/June 150 sellers.

Soyabeans—(U.S.$ per tonne): U.S. Two Yellow Gulfports March 299.90.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES lost ground on the London Metal Exchange, depressed by the rise in sterling against the dollar. Zinc was a major casualty and dropped below a significant chart point at £650 to touch a low of £635 prior to closing at £638.5. Copper dipped to £993 but rallied to end the day at £997 while Aluminium finished at £998.5 and Nickel at £3,140. Lead was resilient and showed little change, closing at £287 while buffer stock support held Tin around £8,500 prior to a close of £8,492.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
HighGrde	£	£	£	£
Cash	977.5-8	—6	973.5-4	—12.1
3 months	997.5-8	—6	994.5-5	—11.5
Settlem't	978	—6	—	—
Cathodes				
Cash	967-.5	—5.25	962-4	—10.2
3 months	987-.5	—5.25	983.5-4.5	—10.5
Settlem't.	967.5	—5.5	—	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £977.50, 78, three months £997, 97.50, 98, 97.50, 98. Cathodes: Cash £966, 67, three months £986. Kerb: Higher Grade: Three months £998.50. Afternoon: Higher Grade: Cash £973.50, three months £997, 96.50, 96, 95.50, 95, 94.50. Kerb: Higher Grade: Three months £994.50, 94, 93, 93.50, 94, 94.50, 94. Turnover: 28,600 tonnes. U.S. Producers: 68.00-72.00 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8360-5	—82.5	8420-30	......
3 months	8480-90	—7.0	8540-58	......
Settlem't.	8365	—85	—	......
Standard.				
Cash	8335-40	—72.5	8385-95	—5
3 months.	8462-5	—65.5	8515-20	......
Settlem't.	8340	—75	—	......
Straits E.	$29.15	—	—	......

Tin — Morning: Standard: Three months £8,470, 75, 72, 75, 70, 65. High Grade: Cash £8,360. Kerb: Standard: Three months £8,465, 67. Afternoon: Standard: Three months £8,485, 8,510, 20, 15, 20. Kerb: Standard: Three months £8,500, 8,495, 90. Turnover: 3,230 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	[illegible]	[illegible]	[illegible]	—1.5
3 months	[illegible]	[illegible]	[illegible]	—1.5
Settlem't	[illegible]	[illegible]		......

Lead — Morning: Cash £275, three months £285, 84.50, 84.25. Kerb: Three months £285. Afternoon: Three months £286, 85.50, 86.50, 87. Kerb: Three months £286.50, 86, 85. Turnover: 21,950 tonnes. U.S. Spot: 24.00-26.00 cents per pound.

ZINC

49.50-51.75 cents per pound.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	[illegible]	[illegible]	639-41	—25.5
3 months	[illegible]	[illegible]	634-5	—27
Settlem't	[illegible]	[illegible]		......

Zinc — Morning: Cash £657, three months £638, 39, 40, 41, 42, 43, 44, 45, 43, 44, £644.50, 45, 44.50, 45. Kerb: three months £644.50, 45, 44, 43, 41, 40. Afternoon: Three months £640, 39.50, 39, 38, 37, 35, 36, 37, 38, 39, 37, 36. Kerb: Three months £634, 35, 35.50, 36, 37, 38, 39. Turnover: 21,850 tonnes. U.S. Prime Western 49.50-51.75 cents per pound.

ALUMINIUM

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	974.5	[illegible]	977-8	—11
3 months	998-.5	[illegible]	1001-.5	—12.2

Aluminium—Morning: Three months £996, 96.50, 97, 98. Kerb: Three months £999, 1,000, 1,001, 02, 1.50, 02. Afternoon: Three months £1,000, 01, 02, 1,000, 999.50, 1,000, 01, 1,000.50. Kerb: Three months £999, 98, 99, 99.50, 99, 98.50, 98. Turnover: 21,900 tonnes.

NICKEL

Nickel—Morning: Cash £3,040, three months £3,135, 30, 25, 20, 10, 12. Kerb: Three months £3,115, 20. Afternoon: Three months £3,140, 45, 50, 60. Kerb: Three months £3,140, 35, 40. Turnover: 5,088 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3035-40	—100	3071-6	—54
3 months	3110-2	—100	3145-50	—57

SILVER

Silver was fixed 12.35p an ounce higher for spot delivery in the London bullion market yesterday at 660.75p. U.S. equivalents of the fixing levels were: spot $9.865, up 34c; three-month $10.112, up 34.3c; six-month $10.37, up 35.1c; and 12-month $10.904, up 36.8c. The metal opened at 663-666p ($9.86-$9.89) and closed at 655-658p ($9.75-9.78).

SILVER per troy oz.	Bullion fixing price	+ or —	L.m.E. p.m. Unoffic'l	+ or +
Spot	660.75p	+12.3	653.5p	+5.25
3 months.	675.60p	+12.2	668.5p	+5
6 months.	690.45p	+12.1	—	......
12months.	720.55p	+11.7	—	......

LME—Silver (2,000 oz contract): cash 653.3p (648.25p): three months 668.5p (663.5p). Turnover: nil (nil).

Turnover: 146 (64) lots of 10,000 ozs. Morning: large three months 676.0, 76.5, 77.0. Kerb: large three months 677.0. Afternoon: large three months 672.0, 70.0, 69.0, 68.0, 70.0, 68.0. Kerb: large three months 672.0.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse: 2,850-2,900.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse: 1.87-1.97.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse: ingots 1.15-1.22, sticks 1.15-1.23.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse: 7.00-7.10.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse: 292-300.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per pound Mo, in warehouse: 3.60-3.70.

SELENIUM: European free market, min 99.5 per cent, $ per pound, in warehouse: 4.70-6.00.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif 75-79.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per pound V_2O_5, cif 2.30-2.40.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,750.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per pound, tonne lots, ex-warehouse: 2.30.

COBALT: World, Zaire: Sozacom, $ per pound, 12.50.

NICKEL: World, Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per pound U_3O_8 22.00.

VANADIUM: Highveld fused, min 98 per cent V_2O_5, $ per pound V_2O_5, cif 2.30.

ZINC: GOB producer basis, $ per

COCOA

Futures declined on stronger sterling and talk of improved Brazilian crop prospects. Although there is uncertainty over West African crops, a lower than previously estimated deficit of 40,000-60,000 tonnes is thought possible. Physicals were largely neglected, with only some demand for afloat West African cocoa reported.

Sales: 6,131 (4,738) lots of 10 tonnes.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1642-44	—45.5	1668-40
May	1664-65	—32.5	1698-62
July	1671-72	—28.0	1693-68
Sept	1671-73	—23.0	1687-65
Dec	1673-75	—20.0	1685-65
March	1671-74	—22.0	1686-65
May	1671-73	—17.5	1676-73

ICCO Indicator prices (U.S. cents per pound). Daily prices for Feb 28: 110.50 (110.59): five-day average for Feb 29: 109.27 (108.97).

COFFEE

Following overnight strength in sterling robustas opened around £10 lower, reports Drexel Burnham Lambert. Persistent commission house pressure encouraged a gradual decline although strong trade support was evident at the lower levels. Late dealer selling saw values close on the day's lows.

COFFEE	Yest'day's Close	+ or —	Business Done
March	2048-50	—12.0	[illegible]
May	1911-12	—19.5	1928-09
July	1835-36	—19.5	1855-35
Sept	1788-90	—16.0	1805-87
Nov	1752-54	—14.5	1775-50
January	1730-32	—14.0	1742-30
March	1693-00	—18.5	1707-04

Sales: 4,481 (1,297) lots of 5 tonnes. ICO Indicator prices (U.S. cents per pound) for February 27: Comp. daily 1979 142.61 (142.19); 15-day average 141.00 (140.86).

GRAINS

Old crop wheat remained a little steadier in quiet trading with shipper short-covering the main feature. Old crop barely came under country selling pressure but recovered on further short-covering. New crop wheat was easier on hedge selling while barley was steadier, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Mar.	121.65	+0.20	119.95	—0.05
May	124.40	+0.50	120.45	—0.10
July	126.45	+0.50	—	—
Sept.	108.75	—0.25	105.85	+0.55
Nov.	111.30	—0.05	108.90	+0.38
Jan.	114.20	—0.10	111.75	+0.20

Business done—Wheat: March 121.80-1.50, May 124.40-4.30, July 126.50-6.30, Sept 109.00-8.80, Nov 111.35-1.25, Jan 114.25 only. Sales: 177 lots of 100 tonnes. Barley: March 120.00-19.50, May 120.65-20.40, Sept 105.85-5.60, Nov 108.75-8.70, Jan 111.75 only. Sales: 75 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent March 139.75, April/May 137.75, June 126.50 transhipment East Coast sellers. English feed fob March 126.50, April 128 East Coast sellers. Maize: French first half March 147 seller East Coast. Barley: English feed fob March 123 East Coast seller. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S East 118.40, S West 119.00, W Mids 119.10, N West 118.40. The UK monetary coefficient for the week beginning Monday March 5 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

POTATOES

The market was nervous prior to the PMB report in the morning and closed steady at lunch on short-covering. The report gave added impetus to prices which hit stop-loss levels and made gains of £7.00 on the day, before falling back mid-afternoon, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
April	211.40	207.00	214.00-205.0
May	241.50	236.50	243.50-235.0
Nov	78.00	78.00	—
Feb	87.50	88.50	—
April	105.00	106.00	105.00

Sales: 1,045 (1,116) lots of 40 tonnes.

RUBBER

The London physical market opened easier, drifted lower throughout the day and closed quiet, reports Lewis and Peat. The Kuala Lumpur March fob price for RSS No. 1 was 264.0 (263.25) cents a kg and SMR 20 242.0 (241.0).

No. 1 R.S.S.	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Apr.	808-830	820-830	—
May	815-821	828-830	—
Apl-Jne.	815-820	828-830	816-815
Jly-Sept	843-844	860-861	860-843
Oct-Dec	860-861	876-880	865-860
JanMch	875-877	891-896	879-877
Apl-Jne.	890-900	908-916	—
Jly-Sept	905-920	925-935	—
Oct-Dec	925-950	940-965	—

Sales: 100 (65) lots of 15 tonnes. nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) spot 81.00p (82.00p). April 82.75p (83.50p). May 83.75p (84.50p).

INDICES

FINANCIAL TIMES

Feb. 27	Feb. 24	M'th ago	Y'ar ago
291.95	291.27	295.50	256.25

(Base: July 1 1952=100)

REUTERS

Feb. 27	Feb. 26	M'th ago	Y'ar ago
1948.3	1954.6	1994.6	1695.5

(Base: September 18 1931=100)

MOODY'S

Feb. 27	Feb. 24	M'th ago	Yearago
1053.4	1052.6	1055.9	1070.0

(Base: December 31 1931=100)

DOW JONES

Dow Jones	Feb. 27	Feb. 23	Month ago	Year ago
Spot	139.35	139.54	136.82	146.36
Fut's	144.18	145.18	139.03	149.10

(Base: September 18 1931=100)

SOYABEAN MEAL

	Yesterday's close	+ or —	Business done
	£ per tonne		
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]

The market opened little changed in dull trading conditions, reports T. G. Roddick. Prices eased with stronger sterling remaining in a narrow range.

SUGAR

Tate and Lyle delivery price for granulated basis sugar was £248.00 (£221.50) a tonne for export.

LONDON DAILY PRICE—Raw sugar £112.00 ($167.00), down £3.50, a tonne for Feb-March-April shipment. White sugar $184.00, down $3.50.

The market again eased in moderate trading conditions, reports C. Czarnikow.

No. 4 Contract	Yesday's close	Previous close	Business done
	£ per tonne		
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
No. 6 Contract	**£ per tonne**		
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: No 4 2,509 (656); No 6 2,105 (850) lots of 50 tonnes.

International Sugar Agreement — (U.S. cents per pound fob and stowed Caribbean ports). Prices for Feb 27: Daily price 5.88 (6.64); 15-day average 6.58 (6.60).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 424, 430, 432. May 442, 444, 444-442; Aug 472, 475, 474-469; Oct 470, 473, 474-472; Dec 472, 476, 474-472; Jan 474, 477, 475; March 480, 482, 481-478; May 486, 486, 486-485; Aug 490, 497, 495-494. Sales: 155.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 564.0, 565.0, 564.0; May 579.0, 580.0, 579.0; July 590.0, 592.0, 592.0-588.0; Oct 576.0, 579.0, 579.0-578.0; Dec 583.0, 584.0, 584.0-583.5; March 583.0, 593.0, 596.0; May 603.0, 609.0, untraded; July 620.0, 627.0, untraded. Sales: 51.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 92 tonnes. Minor replacements were required but dullness were not required until much later in the year. Scattered operations were mentioned in Russian types, while African growths were supported in numerous directions.

AMERICAN MARKETS

NEW YORK, February 28.

Gold and silver came under pressure on profit-taking related to denials by Iran of reports that Iraq had bombed the Kharg Island terminal, reports Heinold Commodities. Copper was steady to higher as arbitrage buying linked to the strength of sterling rallied values. Sugar came under heavy selling pressure on liquidation of March ahead of its expiration. Cocoa was weak on continued expectations of better than expected crops. Coffee was weak on the lack of roaster interest. Producer sales pressured cotton values. After a strong rally on concerns over Middle East supplies, heating oil traded erratically lower on scepticism about Iraq's claims to have bombed tankers near Kharg Island. Choppy trade characterised the grains and soyabeans; support was derived from dollar weakness but export demand remains sluggish.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
April	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

SPOT PRICES—[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to ease

The dollar fell to its lowest level since last October against the D-mark in currency markets yesterday, giving further evidence of a fundamental turnround in sentiment. Fears of inflationary pressure caused by the size of the U.S. budget deficit continued to dominate trading. Comments by Mr Paul Volcker, chairman of the U.S. Federal Reserve Board, that a fall in U.S. interest rates seemed unlikely given the current size of the deficit did not appear to have any lasting effect.

The dollar finished above its worst levels of the day, possibly aided by a little technical demand ahead of the month end. Market sentiment remained bearish however, and today's U.S. trade figures are not expected to provide any encouragement. The dollar fell to DM 2.6010 against the D-mark, down from DM 2.6340 on Monday. It touched a low of DM 2.5960 at one point before recovering towards the close. There was no organised central bank intervention as many people still view the dollar as being overvalued. Some central banks may have taken the opportunity to take in limited foreign reserves however.

Elsewhere the dollar closed at SwFr 2.1640 from SwFr 2.1745 and FFr 8.0350 from FFr 8.1075. It was slightly higher against the yen however at Y233.40 from Y233.20. On Bank of England figures, the dollar's trade weighted index fell to 127.0, its lowest level since last October and down from 127.8 on Monday.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. January average 1.4080. Trade weighted index 83.4 against 83.5 at noon and 83.1 at the opening and compared with 82.7 on Monday and 84.8 six months ago.

Sterling rose to its best level since last October against the dollar, boosted by fears of a disruption in Middle East oil supplies due to the war between Iran and Iraq. It touched a high of $1.4960, after opening at $1.4875 and closed at $1.4935-1.4945, a rise of 2.05 cents from Monday. Sterling improved against the D-mark to DM 3.8875 from DM 3.8825 and SwFr 3.2350 from SwFr 3.2050. It was also higher against the French franc at FFr 12.00 from FFr 11.9450 and Y349.0 from Y344.0.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. January average 2.8109. Trade-weighted index 127.9 against 125.8 six months ago.

The D-mark was generally firm at the Frankfurt fixing. The dollar fell to DM 2.6031 from DM 2.6383 without any intervention from the Bundesbank at the fixing or on the open market. Gloomy economic data, particularly the U.S. Budget and trade deficits, is behind the recent reversal of the dollar. Sterling was boosted by news of increased fighting in the Gulf War and the consequent threat to world oil supplies. The pound rose to DM 3.8860 from DM 3.8720, and the Dutch guilder was also firm, rising to DM 88.60 per 100 guilders from DM 88.59. The Belgian franc was unchanged at DM 4.8840 per 100 francs, slightly above its EMS intervention level of DM 4.8820.

ITALIAN LIRA — Trading range against the dollar in 1983-84 is 1,720.75 to 1,343. January average 1,706.89. Trade-weighted index 48.9 against 50.4 six months ago.

The lira showed mixed changes at the Milan fixing, improving against the dollar and Swiss franc, but losing ground to the D-mark and sterling. The Bank of Italy sold $2m of the $21.6m exchanged in official trading when the dollar fell to L1,619.05 from L1,636.25. The Swiss franc declined to L749.80 from L753.10; the French franc to L201.84 from L201.91; and the Japanese yen to L6.943 from L7.028. The D-mark rose to a new high against the lira and was fixed at L622.05 against L620.42, and the Dutch guilder was also fixed at a record level of L551.24, compared with L550.42. Sterling was fixed at L2,417.50, compared with L2,408.70.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.8953	+2.21	+1.90	±1.5447
Danish Krone ...	8.14104	8.22697	+1.06	+0.75	±1.6425
German D-Mark	2.24184	2.24137	−0.02	−0.33	±1.0642
French Franc ...	6.87456	6.91143	+0.54	+0.23	±1.4052
Dutch Guilder ...	2.52595	2.52988	+0.16	−0.15	±1.4964
Irish Punt	0.72569	0.729244	+0.49	+0.18	±1.6699
Italian Lira	1403.49	1394.34	−0.65	−0.65	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Feb 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4845-1.4960	1.4935-1.4945	0.08-0.13c dis	−0.84	0.40-0.45dis	−1.14
Canada	1.8605-1.8715	1.8690-1.8700	0.08-0.18c dis	−0.83	0.37-0.47dis	−0.90
Nethlnd.	4.36-4.40	4.38½-4.39½	1⅛-⅞c pm	3.07	3⅛-3⅞ pm	3.07
Belgium	79.10-79.80	79.60-79.70	28-38c dis	−4.97	80-95 dis	−4.39
Denmark	14.19-14.28	14.23½-14.24½	0.80-1.85ore dis	−1.12	3.45-4.60dis	−1.13
Ireland	1.2580-1.2670	1.2635-1.2645	0.29-0.37p dis	−3.13	0.95-1.11dis	−3.26
W. Ger.	3.86½-3.90	3.88¾-3.89¾	1⅛-⅞pf pm	3.47	3⅛-2⅞ pm	3.21
Portugal	194.50-196.25	195.00-195.50	285-560c dis	−25.35	700-1365dis	−21.15
Spain	222.40-223.40	222.65-222.85	170-195c dis	−9.83	545-570dis	−10.01
Italy	2,404-2,420	2,418-2,420	16-18 lire dis	−8.43	52-54 dis	−8.76
Norway	11.15½-11.23	11.21-11.22	3.06-4.03ore dis	−3.79	10.30-11.40d	−3.87
France	11.93-12.01	11.99½-12.00½	6¾-7¾c dis	−7.00	24-26 dis	−8.33
Sweden	11.58-11.65	11.64-11.65	1.45-2.42ore dis	−1.98	4.60-5.68dis	−1.76
Japan	346-350	348½-349½	0.70-0.60y pm	2.23	2.15-2.00 pm	2.38
Austria	27.25-27.45	27.38-27.43	7½-6gro pm	2.95	22¾-18½ pm	3.01
Switz.	3.21-3.24	3.23-3.24	1⅝-1⅜c pm	5.56	4⅝-4⅛ pm	5.41

Belgian rate is for convertible francs. Financial franc 83.45-83.55. Six-month forward dollar 0.95-1.00c dis, 12-month 2.15-2.25c dis.

THE DOLLAR SPOT AND FORWARD

Feb 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4845-1.4960	1.4935-1.4945	0.08-0.13c dis	−0.84	0.40-0.45dis	−1.14
Ireland†	1.1775-1.1840	1.1830-1.1840	0.24-0.19c pm	2.23	0.68-0.60 pm	2.17
Canada	1.2510-1.2535	1.2510-1.2515	0.03c pm-0.02 dis	0.48	0.07-0.02 pm	0.16
Nethlnd.	2.9355-2.9465	2.9355-2.9375	1.07-0.97c pm	4.17	3.08-2.98 pm	4.13
Belgium	53.25-53.40	53.32-53.34	16-19c dis	−3.94	44-48 dis	−3.45
Denmark	9.5300-9.5725	9.5300-9.5350	0.10orepm-0.40ds	−0.31	¼ pm-¼ dis	—
W. Ger.	2.5960-2.6160	2.6005-2.6015	0.97-0.92pf pm	4.38	2.81-2.76 pm	4.29
Portugal	130.75-131.50	131.00-131.50	175-375c dis	−25.14	450-900dis	−20.57
Spain	149.25-149.65	149.35-149.45	90-140c dis	−9.24	300-380dis	−10.36
Italy	1,618-1,622	1,619½-1,620½	10-10½ lire dis	−7.69	31¼-32 dis	−7.88
Norway	7.4970-7.5100	7.4975-7.5025	1.55-2.05ore dis	−3.20	4.90-5.40dis	−2.74
France	8.0050-8.0575	8.0325-8.0375	4.00-4.75c dis	−6.55	14.0-15.5dis	−7.35
Sweden	7.7695-7.8000	7.7950-7.8000	0.45-0.95ore dis	−1.09	1.00-1.50dis	−0.64
Japan	232.80-233.60	233.35-233.45	0.63-0.59y pm	3.14	2.08-2.03 pm	3.53
Austria	18.34-18.43	18.41-18.42	6.40-5.80gro pm	3.99	18.50-16.50pm	3.81
Switz.	2.1560-2.1735	2.1635-2.1645	1.25-1.20c pm	6.83	3.50-3.45 pm	6.44

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.83-55.93.

OTHER CURRENCIES

Feb. 28	£	$		£ Note Rates
Agentina Peso...	42.88-42.96	28.78-28.81	Austria	27.30-27.60
Australia Dollar	1.5765-1.5785	1.0590-1.0595	Belgium	82.90-83.80
Brazil Cruzeiro...	1,752.24-1,782.37	1,176-1,182	Denmark	14.20-14.30
Finland Markka...	8.3675-8.3905	5.6375-5.6425	France	11.93-12.05
Greek Drachma	149.60-149.90	100.60-100.90	Germany	3.87-3.91
Hong Kong Dollar	11.56⅛-11.56½	7.7760-7.7780	Italy	2390-2425
Iran Rial	127.80*	87.20*	Japan	346-350
Kuwait Dinar (KD)	0.4345-0.4355	0.29228-0.29235	Netherlands	4.36¾-4.40¾
Luxembourg Fr.	79.60-79.70	53.32-53.34	Norway	11.15-11.25
Malaysia Dollar	3.4635-3.4695	2.3310-2.3325	Portugal	191-202
New Zealand Dlr.	2.2340-2.2390	1.5005-1.5025	Spain	218-229½
Saudi Arab. Riyal	5.2165-5.2235	3.5060-3.5080	Sweden	11.54-11.64
Singapore Dollar	3.1515-3.1575	2.1210-2.1225	Switzerland	3.21-3.24
Sth African Rand	1.7965-1.7990	1.2025-1.2040	United States	1.48¼-1.50¼
U.A.E. Dirham	5.4635-5.4690	3.6720-3.6730	Yugoslavia	199-205

* Selling rates.

CURRENCY MOVEMENTS

Feb. 28	Bank of England Index	Morgan Guaranty Changes%
Sterling	83.4	−7.4
U.S. dollar	127.0	+15.7
Canadian dollar	90.5	−0.5
Austrian schilling	117.9	+4.1
Belgian franc	90.7	−11.4
Danish kroner	79.5	−5.8
Deutsche mark	127.9	+8.9
Swiss franc	149.3	+11.0
Guilder	116.5	+4.6
French franc	67.5	−14.6
Lira	48.9	−15.1
Yen	155.1	+10.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Feb. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.710455	0.576966
U.S. $	8½	1.06078	0.861237
Canadian $	10.04	*	1.07853
Austria Sch	3¾	19.4717	15.8123
Belgian Fr	11	56.5369	45.8953
Danish Kr	7	10.1358	8.22697
D'mark	4	2.75132	2.24137
Guilder	5	3.11657	2.52988
French Fr.	9½	8.51382	6.91143
Lira	16	1717.40	1394.34
Yen	5	247.374	200.858
Norwgn Kr	8	7.96062	6.45842
Spanish Pta.	—	158.321	128.540
Swedish Kr.	8½	N/A	6.68234
Swiss Fr	4	2.28916	1.85898
Greek Dr'ch	20½	106.895	86.8386

* C$/SDR rate for February 27: 1.32319.

EXCHANGE CROSS RATES

Feb. 28	Pound St'rling	U.S. Dollar	Deusche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Fran
Pound Sterling	1.	1.494	3.888	349.0	12.00	3.235	4.390	2419.	1.870	79.65
U.S. Dollar	0.669	1.	2.601	233.4	8.035	2.164	2.937	1620.	1.251	53.33
Deutschemark	0.257	0.384	1.	89.77	3.087	0.832	1.129	622.3	0.481	20.49
Japanese Yen 1,000	2.865	4.281	11.14	1000.	34.38	9.269	12.58	6931.	5.357	228.2
French Franc 10	0.833	1.245	3.240	290.8	10.	2.696	3.658	2016.	1.558	66.38
Swiss Franc	0.309	0.462	1.202	107.9	3.709	1.	1.357	747.8	0.578	24.62
Dutch Guilder	0.228	0.340	0.886	79.50	2.733	0.737	1.	551.0	0.426	18.14
Italian Lira 1 000	0.413	0.618	1.607	144.3	4.961	1.337	1.815	1000	0.773	32.93
Canadian Dollar	0.535	0.799	2.079	186.7	6.419	1.730	2.348	1294.	1.	42.60
Belgian Franc 100	1.255	1.876	4.881	438.2	15.07	4.062	5.512	3037.	2.347	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9-9⅛	9½-9¾	9½-9¾	5⅞-6	1⅛-1⅝	5½-5⅝	12-12¼	14-15	10-10½	10-10½	6½-6⅝	8¾-9¼
7 days' notice	9-9⅛	9⅝-9⅞	9 7/16-9 9/16	5¾-5⅞	2¼-2½	5¾-5⅞	12¼-12½	15¼-17¾	12-12½	12-12¼	6¾-6⅞	10⅞-11⅛
Month	9⅛-9¼	9 15/16-10 1/16	9 5/16-9 9/16	5⅞-6	3⅝-3⅞	5 9/16-5 11/16	15¾-16¼	16¾-17⅜	13½-14	12¼-12½	6⅞-7	11⅝-12⅛
Three months	9 3/16-9 5/16	10 1/16-10 3/16	10⅛-10¼	6-6⅛	3⅝-3¾	5⅛-5¼	17-17½	17¾-18	13½-14	12¼-12½	6⅝-6¾	11-11½
Six months	9¼-9⅜	10 5/16-10 7/16	10⅜-10½	6 1/16-6 3/16	3⅞-4	5¼-5⅜	16½-17	17⅝-18⅛	13-13½	12¼-12½	6 9/16-6 11/16	11-11½
One year	9½-9⅝	10¾-11	10¾-10⅞	6⅝-6¾	4⅛-4¼	5 9/16-5 11/16	16½-17	18¼-18¾	12½-13	12⅛-12⅜	6⅝-6¾	11¼-11¾

Asian $ (closing rates in Singapore): Short-term 9 13/16-9 15/16 per cent; seven days 9¾-9⅞ per cent; one month 9⅞-10 per cent; three months 10 3/16-10 5/16 per cent; six months 10 5/16-10 7/16 per cent; one year 10 11/16-10 13/16 per cent. Long-term Eurodollars two years 11⅛-11½ per cent; three years 11⅞-12⅛ per cent; four years 12¼-12½ per cent; five years 12⅜-12⅝ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; two days' notice.

MONEY MARKETS

UK rates little changed

UK interest rates showed little overall change yesterday in rather quiet trading. Some period rates may have shed a little with sterling's firmer tone helping to underpin market confidence. Three-month interbank money was quoted at 9 3/16-9 5/16 per cent compared with 9¼-9⅜ per cent while three-month eligible bank bills were bid at 8⅞ per cent, unchanged from Monday.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

Overnight interbank money opened at 8½-9 per cent and touched a low of 8½ per cent before rising to finish at 9½ per cent.

The Bank of England forecast a flat day in the money market. Main factors included maturing assistance and a take up of Treasury bills together draining £160m, offset by Exchequer transactions adding £90m and a fall in the note circulation of £50m. The Bank did not intervene in the morning but revised the forecast during the afternoon to a shortage of around £100m. Assistance comprised purchases of £5m of eligible bank bills in band 3 (34-63 days) at 8 13/16 per cent.

In Frankfurt the Bundesbank announced its intention to offer a 32-day repurchase facility at a minimum rate of 5.3 per cent. Tenders must be offered by this morning with the results to be announced this afternoon. Successful banks will be credited with the funds tomorrow and the agreement is due to expire on April 2. The length of the facility may help to reduce any nervousness over liquidity levels as the market approaches a time of the year normally associated with heavy payments of tax.

There are already two repurchase facilities running, carrying rates of 5.7 per cent and 5.65 per cent. Together they total DM 14.4bn and mature on March 7 and 14. It appears uncertain however, whether the Bundesbank will replace these since an estimated DM 11bn will find its way into the system with the transference of Bundesbank annual profits at the beginning of April.

Call money yesterday was quoted at 5.5-5.6 per cent, slightly up from Monday. This reflected an increase in demand for liquidity ahead of the month end. In an effort to meet monthly reserve requirements, banks' borrowings through the Lombard facility rose to 7.1bn on Monday from DM 5.8bn on Friday.

MONEY RATES

Feb. 28	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.6	11 9/16	1½-2½	5⅞-6	6.65625	16¾-17⅛	7.5	11⅞-12⅛
One month	5.5-5.6	12 3/16-12 5/16	3⅛-3⅝	5⅞-6	6.59375	16⅞-17¼	12¼-12½	12⅛-12⅜
Two months	5.70-5.80	12⅜-12⅝	—	—	—	—	—	12⅜-12⅝
Three months	5.80-5.90	12 3/16-12 5/16	3⅝-3¾	6-6⅛	6.28125	17-17⅜	12¼-12½	12⅛-12⅜
Six months	5.90-6.05	12 7/16-12 9/16	—	6⅛-6¼	—	—	12¼-12½	12⅝-12⅞
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Feb. 28 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8½-9½	8⅞	8¾-9¼	8½-9	—	—	—	—	—
2 days notice	—	—	8⅞-9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9-9 3/16	9-9⅛	9¼-9⅜	9-9 3/16	—	—	—	—	—
One month	9 1/16-9⅛	9 1/16-9 3/16	9⅛	9 3/16-9½	9-9 3/16	9	9 1/32	9	8 15/16	9⅜
Two months	9 3/16-9 1/16	9⅛-9¼	9 3/16	9½	9-9 3/16	8 15/16	8 15/16	8 15/16	8 15/16	9 5/16
Three months	9 3/16-9 5/16	9 3/16-9 5/16	9¼	9½	9-9 3/16	8 31/32	8 15/16	8⅞	8 27/32	9½
Six months	9¼-9 5/16	9¼-9⅜	9¼	—	—	—	—	8 25/32-8⅞	8¾-8 25/32	9 5/16
Nine months	9⅜-9 7/16	9 7/16-9 9/16	9 7/16	—	—	—	—	—	—	—
One year	9 9/16-9 11/16	9½-9⅝	9 5/16	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	8⅞-9⅜	—	9¼	9.75-9.85	9 3/16-9 5/16	9 11/16-10⅛
Two months	9⅝-9⅜	—	9¼	9.85-9.95	9 3/16-9 5/16	10-10 5/16
Three months	9⅝-9⅜	—	9¼	9.95-10.05	9 5/16-9 7/16	10-10 5/16
Six months	9½-9¼	—	9⅜	10.2-10.3	9 7/16-9 9/16	10-10 5/16
Nine months	9¾-9½	—	9½	10.4-10.5	—	—
One year	9¾-9⅝	—	9⅝	10.55-10.65	9⅝-9⅞	10⅛-10 7/16
Two years	—	10¼	—	—	—	—
Three years	—	10⅜	—	—	—	—
Four years	—	10½	—	—	—	—
Five years	—	10⅝	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 4 to February 7, 1984 (inclusive): 9.493 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from February 1, 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rate for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rates of discount 8.8473 per cent. Certificate of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¼ per cent; one-three months 9½ per cent; three-six months 9¾ per cent; six-12 months 10 per cent. Under £100,000 9¼ per cent from February 28. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. February 28)

3 months U.S. dollars	
bid 10 1/8	offer 10 1/4

6 months U.S. dollars	
bid 10 3/8	offer 10 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10¾-10½
Fed funds	9⅝
Fed funds at intervention	—

Treasury Bills

One month	9.70
Two month	9.00
Three month	9.21
Six month	9.37
One year	9.40

Treasury Bonds

Two year	99 11/32
Three year	98 31/32
Four year	96 27/32
Five year	98½
Seven year	98 27/32
10 year	98⅛
30 year	98 7/32

FINANCIAL FUTURES

Slightly firmer

Sterling denominated interest rate contracts were slightly firmer overall on the London International Financial Futures Exchange yesterday but prices of Eurodollar futures were lower, finishing around the lowest level of the day.

Gilt futures were initially torn between the overnight weakness of the U.S. bond market and the strength of sterling on the foreign exchanges. March delivery opened at 108-26, and rose to a peak of 109-03 as the pound gained ground on fears that world oil supplies will be disrupted should Iran try to close the Straits of Hormuz if its oil exports are interrupted by further Iraqi attacks on the oil terminal at Kharg Island. The contract fell quickly in the afternoon however and closed at 108-23, compared with 108-20 previously, and only slightly above the day's low of 108-22.

Volume was encouraging in three-month sterling deposit futures. Most of the trading is now for June delivery, where the contract opened at 90.80, slightly above the day's low of 90.79. It touched a high point of 90.87 helped by sterling's rise to its highest level since last October against the dollar. The June contract closed at 90.81 compared with 90.78 on Monday, with traders suggesting that there was some hope in the market that clearing bank base rates may be cut in the near future.

Eurodollars for June delivery opened at 89.43 and showed a weaker trend following heavy selling overnight in the U.S. London was reluctant to carry on the trend however ahead of a speech by Mr Paul Volcker, chairman of the Federal Reserve Board.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	89.93	89.97	89.93	90.01
June	89.40	89.45	89.40	89.50
Sept	89.05	89.10	89.04	89.15
Dec	88.75	88.80	88.75	88.86
March	88.53	—	—	88.62

Volume 4,203 (3,202)
Previous day's open int 11,854 (11,642)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	91.01	91.07	91.00	90.98
June	90.81	90.87	90.79	90.78
Sept	90.65	90.70	90.62	90.60
Dec	90.49	90.53	90.48	90.44
March*	90.28	90.30	90.28	90.20

Volume 1,872 (1,339)
Previous day's open int 5,028 (6,252)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	108-23	109-03	108-22	108-20
June	108-17	108-26	108-14	108-10
Sept	108-00	108-07	107-30	107-26
Dec	107-18	107-22	107-18	107-10
March	107-02	—	—	106-26

Volume 3,925 (2,682)
Previous day's open int 4,722 (4,205)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) 10 to 20 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4875	1.4945	1.4860	1.4690
June	1.4915	1.4990	1.4910	1.4725
Sept	1.4965	—	—	1.4765

Volume 843 (147)
Previous day's open int 2,173 (2,194)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3837	0.3851	0.3833	0.3798
June	0.3879	0.3893	0.3876	0.3838
Sept	0.3915	—	—	0.3874

Volume 323 (207)
Previous day's open int 459 (483)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4621	0.4650	0.4621	0.4599
June	0.4696	0.4724	0.4696	0.4673
Sept	—	—	—	—

Volume 240 (17)
Previous day's open int 236 (231)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4288	0.4297	0.4285	0.4290
June	0.4326	0.4333	0.4326	0.4328
Sept	—	—	—	—

Volume 180 (85)
Previous day's open int 238 (243)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	68-13	68-22	68-10	68-22
June	67-25	68-01	67-22	68-01
Sept	67-08	67-15	67-05	67-16
Dec	66-26	66-30	66-23	67-01
March	66-10	66-16	66-10	66-18
June	65-29	66-01	65-29	66-04
Sept	65-18	65-21	65-18	65-23
Dec	65-06	65-08	65-06	65-11

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.73	90.75	90.70	90.76
June	90.31	90.34	90.28	90.33
Sept	90.00	90.01	89.98	90.00
Dec	89.73	89.75	89.72	89.75
March	89.48	89.50	89.48	89.50
June	89.29	89.30	89.28	89.29
Sept	—	—	—	89.10
Dec	—	—	—	88.94

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.13	90.15	90.10	90.16
June	89.58	89.60	89.55	89.60
Sept	89.15	89.18	89.15	89.18

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	89.65	89.67	89.62	89.68
June	89.12	89.14	89.09	89.14
Sept	88.75	88.77	88.73	88.76
Dec	88.44	88.47	88.42	88.45
March	88.15	88.16	88.14	88.17
June	87.87	87.92	87.87	87.93

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.4950	1.4975	1.4845	1.4785
June	1.5005	1.5020	1.4900	1.4835
Sept	1.5045	1.5045	1.4980	1.4880
Dec	1.5060	1.5090	1.5050	1.4920
March	1.5145	1.5145	1.5100	1.4965

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	68-23	68-26	68-19	68-23
June	67-28	67-30	67-24	67-27
Sept	67-01	67-03	67-00	67-02
Dec	66-12	66-12	66-10	66-11
March	—	—	—	—
June	—	—	—	65-06
Sept	64-24	64-24	64-24	64-24
Dec	64-12	64-12	64-12	64-11

CONTRACTS AND TENDERS

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 28.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	98¾	99¼	-0¼	-0⅛	12.01
Australia Comm 11⅛ 90	100	99⅝	99⅞	-0¼	-0⅛	11.50
Australia Comm 11½ 95	300	96⅝	97⅛	-0⅝	-0⅜	11.99
Australia Comm 11⅝ 98	100	96½	97	-0¼	-0⅝	12.09
Australian Ind Dev 11 89	75	97¾	97⅞	-0¼	-0¼	11.65
Bank of Tokyo 11⅞ 90	100	97⅜	97⅞	-0⅜	-0¾	12.39
Beneficial O/S Fin 12 91	100	95	96½	-0¼	-0½	12.84
Britoil Fin 11⅞ 90	125	98¾	99¼	0	-0⅜	12.07
Canada 10⅞ 88	500	98	98½	-0⅛	-0¼	11.34
C.C.C.E. 12⅝ 95	75	98½	99	-0⅜	-1	12.81
Citicorp O/S 10⅝ 90	100	90½	91	-0¼	-0⅞	12.59
Citicorp O/S 11¾ 90	100	97	97½	-0⅜	-0⅜	12.35
D.N.C. 11¾ 91 WW	50	96	97	+0⅜	0	12.52
D.N.C. 11¾ 91 XW	50	94⅞	95⅜	0	-0⅜	12.84
Denmark Kingdom 12¼ 93	100	98¼	98¾	-0⅜	-0¼	12.50
E.C.S.C. 11⅞ 90	75	98½	99	-0¼	-0½	12.13
E.D.C. 11⅛ 89	150	96⅛	96⅝	-0⅜	-0¾	12.13
E.E.C. 12 93	50	98½	99	0	-0½	12.21
E.I.B. 11½ 90	200	95⅜	95⅞	-0¼	-0⅝	12.24
Eksportfinans 11½ 90	100	95¾	96¼	-0⅜	-0⅜	12.38
Gen Elec Credit 11 91 WW	200	96½	97	-0¼	-1	11.70
GMAC O/S Fin 11⅜ 90	100	98¼	98¾	-0¼	-1	11.68
IC Indust Fin 11⅞ 98	75	96¼	96¾	-0¼	-0¾	12.39
Indust Bk Japan 11½ 89	125	97⅜	97⅞	-0⅜	-0⅜	12.16
Indust Bk Japan 11⅞ 91	100	97½	98	-0¼	-0⅞	12.31
ITT Finance 11½ 89 WW	125	98⅜	98⅞	-0⅜	-0⅝	11.81
J.C. Penney 11⅞ 90	100	99⅛	99⅝	-0⅜	-0¾	11.98
J.P. Morgan 11⅝ 90 WW	150	97¼	97¾	-0⅜	-1	11.91
L.T.C.B. 10¾ 90	100	92⅝	93⅛	-0¼	-0¾	12.42
L.T.C.B. 12½ 90	85	100⅝	101⅛	0	-0⅞	12.26
Macy O/S 11¾ 91	100	98⅞	99⅜	-0⅛	-0⅞	11.93
Mitsui Trust Fin 12 91	100	97¾	98¼	-0¼	-0½	12.44
Nippon Credit 11⅞ 90	100	97	97½	-0⅜	-0⅞	12.47
Nippon Tele 11⅜ 90	100	98⅜	98⅞	-0¼	-0¾	11.70
Norwest O/S 12⅛ 91	50	97¼	97¾	-0¼	-0¼	12.68
Nova Scotia Pro 11¾ 91	100	96¼	96¾	-0⅛	-0⅞	12.52
Ontario Hydro 11⅝ 94	200	95¾	96¼	-0¼	-0¼	12.34
Ontario Hydro 11¾ 90	200	98⅝	99⅛	-0⅛	-0⅝	11.94
Pacific Gas & Elec 12 91	75	99⅞	100⅜	-0⅜	-1	11.94
P.K. Banken 12 90 WW	75	96⅛	96⅝	-0⅜	-1⅛	12.80
Prudential 10⅛ 93 WW	150†	93⅛	93⅝	-0⅜	-1¾	11.28
Prudential 10⅛ 93 XW	150	89	89½	-0⅜	-0¾	12.84
Quebec Hydro 11½ 92	100†	97½	98	-0¼	-0¾	11.91
Quebec Province 12¼ 94	150	98⅜	98⅞	-0¼	-0⅛	12.48
Royal Bk of Can 11½ 88	100	97⅛	97⅝	-0¼	-0½	12.23
Rural & Ind Bk 12 91	50	97¼	97¾	-0⅜	-0½	12.58
Sears O/S Fin 11¼ 89	50	96½	97	-0¼	-0⅛	12.15
Sears O/S Fin 11½ 88	125†	100	100½	-0⅛	-0⅞	11.40
Sears O/S Fin 11⅝ 91	150	97⅛	97⅝	-0⅛	-1⅛	12.20
Sears O/S Fin 11⅝ 93	150	97½	98	-0¼	-1	12.00
Sec Pac O/S Fin 11⅝ 89	75†	96	96½	-1	-2⅛	12.68
Sec Pac O/S Fin 12 92	100	97⅜	97⅞	-0¼	-0⅞	12.48
S.E.K. 11½ 89	100	96½	97	0	-1	12.41
Texaco Capital 10½ 93	200	92⅜	93¼	-0⅝	-1⅛	11.72
Tokai Asia 12¼ 91	100	99	99½	-0¼	-0¾	12.41
World Bank 11¼ 88	100	97⅜	97⅞	-0⅜	-0¾	11.92
World Bank 11¼ 90	200	95⅜	95⅞	-0½	-0⅞	12.22
World Bank 11⅜ 89	200	97⅛	97⅝	-0⅜	-0⅜	12.10
World Bank 11½ 90	150	96⅜	96⅞	-0⅝	-0¾	12.25
World Bank 12 93	200	98⅝	99⅛	-0¼	-0⅛	12.15

Av. price changes: on day -¼, on week -⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7½ 94	125	99⅛	99⅝	-0⅛	+0⅛	7.57
Amca Int'l 8¼ 91	100	100⅛	100⅝	-0⅛	-0⅛	8.17
A.N.A.S. 8½ 91	150	100½	101	0	-0¼	8.34
Arab Banking Corp 8 88	100	98⅛	98⅞	+0¼	-0½	8.39
Asian Dev Bk 8½ 93	200	101⅞	102⅝	-0⅛	+0¾	8.14
Barclays O/S 8⅛ 98	250	102	102½	-0¼	-0⅛	7.88
Beatrice Foods 7¾ 93	130	103¾	104½	+0⅜	-1½	7.13
E.E.C. 8 92	200	101⅞	102⅛	0	+0⅞	7.69
E.I.B. 8 91	250	101¼	101¾	0	+0⅞	7.73
E.I.B. 8 93	200	100⅞	101⅝	0	+0½	7.80
Europarat 8¼ 93	150	101⅛	101⅞	-0¼	-0¼	8.01
Finland Rep 8 90	150	101⅝	102⅜	+0¼	-0¾	7.59
I.A.D.B. 8¼ 93	150	101⅛	101⅞	+0¼	-0⅝	8.01
Int Standard Ele 7⅞ 90	100	101⅞	102⅝	+0⅛	+0⅜	6.94
Int Standard Ele 7¾ 93	100	102⅝	103⅛	-0⅛	+0⅞	7.33
Ireland 8⅝ 91	150	101⅛	101⅞	+0⅜	+0¾	8.33
L.T.C.B. 8 90	100	101⅜	102⅛	-0⅛	+0⅞	7.63
Megal Fin 8¼ 94	150	100⅛	100⅝	0	+1⅛	8.19
O.K.B. 7½ 88	100	99¾	100¼	+0⅛	+0⅝	7.49
Reynolds O/S Fin 7⅝ 94	125	99⅞	100⅜	0	0	7.48
Sth Africa Rep 8½ 91	200	102¼	103	0	+0¼	8.02
S.N.C.F. 8⅛ 93	100	101⅝	102⅜	-0⅛	+1½	7.82
VEBA Int Fin 4 93 WW	300	127⅛	128⅛	-2⅜	-0⅞	1.02
VEBA Int Fin 4 93 XW	300	77⅞	78⅜	0	-0¼	7.18
World Bank 7⅞ 89	300	101¾	102½	-0⅛	-0⅜	7.38
World Bank 8 93	300	101⅛	101⅞	-0¼	-1	7.77

Av. price changes: on day -⅛, on week +½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 6 94	100	101	101¼	+0¼	+0¼	5.85
Austria Republic 5½ 94	150	98½	98¾	0	0	5.68
E.E.C. 6 93	100	100½	101	-0⅝	-1⅜	5.89
Elec Power Dev 5⅝ 93	100	100⅜	100⅝	-0⅛	-0⅛	5.55
Europarat 6⅛ 93	100	100¾	101	0	0	6.00
Finland Republic 5¾ 94	100	98½	98¾	+0⅜	-0¼	5.94
Int-Am Dev Bk 6 93	100	100¼	100½	0	-0½	5.94
Ireland 6½ 93	80†	102	102½	+0⅜	+0⅛	6.18
Japan Dev Bk 5½ 94	100†*	99⅝	100	-0¼	-0¼	5.52
Jap Highway Pub 5⅝ 91	100	101¼	101¾	-0⅝	+0⅛	5.38
Manitoba Prov 5½ 93	100	102	102⅛	0	-0¼	5.21
Mont Blanc Tunl 6⅜ 93	35†	102½	103	+0⅛	-0⅞	5.99
Mtg Bk Denmark 6¼ 91	80	102	102¼	-0¼	+0¼	5.89
New Brunswick 5¾ 93	100	102⅜	102⅝	-0⅛	-0⅛	5.41
Newscorp 6¼ 94	175	101½	101¾	+0¼	+0¼	6.03
Nippon Express 5⅞ 94	100	98½	98¾	-0½	-0½	6.06
Nippon Tel & Tel 5¾ 93	100	102½	102¾	0	-0¼	5.39
Nippon Yusen K K 5¾ 92	100	99¼	99½	0	0	5.85
Quebec Province 5⅝ 93	100	101	101¼	0	-0⅛	5.47
Shikoku Elec Power 6 91	100	102½	102¾	0	-0⅛	5.57
Soc Lux Cent 5¾ 93	150	99¾	100	0	-0⅛	5.75
Sumitomo Heavy Ind 6 91	100†	101⅞	102⅛	-0⅛	-1⅛	5.55
Tohoku Elec Power 5¾ 92	150†	101	101½	-2⅜	-2⅜	5.55
Trizec Corp 6⅛ 93	150	101	101¼	0	0	5.56
World Bank 5¾ 94	200	98¾	99	0	-0⅛	5.90

Av. price changes: on day 0, on week -⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	107½	108	0	-0¼	7.37
E I B 8⅛ 92	15	103½	104	0	-0¼	7.61
Int Am Dev Bk 7⅞ 93	15	102⅛	102⅝	-0⅛	-0¼	7.51
New Zealand 7⅝ 89	15	103⅝	104⅛	-0⅛	-0¼	6.75
World Bank 7⅝ 93	20	102	102½	-0⅛	-0¾	7.29

Av. price changes. on day 0, on week -⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col Hyd 12 93 C$	125	97½	93	-0⅛	-0¼	12.39
Brit Col Tel 12¼ 99 C$	70	98⅞	99⅜	-0⅛	-0⅛	12.38
Canadian Occ 12⅜ 99 C$	60†	99	99½	0	0	12.43
E I B. 12⅛ 91 C$	20†	97¾	98¼	0	-0¼	12.52
Loblaw 12½ 90 C$	35†	97¾	98¼	0	0	12.53
Montreal City of 12 90 C$	50†	97⅞	95⅜	0	-0⅛	12.40
World Bank 12⅛ 90 C$	75†	99⅞	100⅜	0	-0⅜	12.13
CIE Bancaire 11 90 ECU	37	99⅞	100⅝	-0⅛	-0⅛	10.91
WestLb Fin 10⅞ 91 ECU	50†	100	101	-0⅜	-0⅜	10.76
Algemene Bank 8¾ 88 Fl	150	102⅜	102⅞	-0⅛	-0⅛	8.00
Amro Bank 8¾ 88 Fl	100	102⅝	103⅛	-0⅛	0	7.96
Bank Mees & Hope 9 88 Fl	75	103	103½	-0⅛	0	8.09
Ned Middenstandbk 9 88 Fl	100	102¾	103¼	0	-0½	8.18
Rabobank 9 88 Fl	100	103	103½	-0⅛	0	8.14
World Bank 9 88 Fl	100	103⅜	103⅞	0	0	7.99
O.K.B. 14 86 FF	400	101⅛	102⅛	-0⅛	-0⅛	12.39
Solvay & Cie 14¾ 86 FF	200	102⅛	103⅛	-0⅛	0	13.18
B.F.C.E. 11½ 88 £	50	100⅜	100⅞	-0⅛	0	11.27
CEPME 11⅛ 95 £	35	103¼	104¼	-0⅜	-1⅛	10.65
CIBA-Geigy Int 6¾ 93 £	25	101½	103	-0¼	-0½	6.42
Commerzbank 11½ 90 £	25	99½	100⅛	0	-0⅜	11.51
E.E.C. 11⅜ 94 £	50	99⅜	99⅞	-0⅛	-0⅜	11.43
E.E.C. 11⅞ 93 £	50	101½	102	-0⅛	-0⅜	11.54
Fin For Ind 10½ 90 £	20	95½	96	-0⅛	-0¼	11.47
Finland Rep 11⅞ 88 £	50	101⅝	102⅛	0	-0½	11.28
I.I.I. 10¾ 93 £	25	95⅝	96⅜	0	-0⅛	11.43
I.I.I. 11½ 91 WW £	50†	100½	101½	0	-0¼	11.28
Int Stand Ele 11⅛ 89 £	50	98⅜	98⅞	-0⅛	0	11.49
Norsk Hydro 12 90 £	30	103½	104¼	0	-0⅛	11.06
Sweden 11⅛ 93 £	50	98⅜	98⅞	0	-0⅛	11.47
Swed Exp Cred 11¼ 88 £	30	100⅛	100⅝	0	-0⅜	11.10
World Bank 11⅛ 88	100	99⅝	100⅛	-0⅛	0	11.12
Electrolux 10 89 LF	500	97¾	98⅜	-0⅛	-0⅛	10.57
Europarat 10¾ 93 LuxFr	600	99	100	0	0	10.83

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish Bk 5¼ 95	0⅛	98¼	98¾	8/6	10.31	10.47
Banco di Roma 5¼ 90	0¼	99⅞	100⅛	7/6	10½	10.50
Barclays O/S Inv 5 2004	0⅛	99	99¼	2/3	5	5.04
Belgium 5 2004	0⅛	99⅛	99⅜	19/7	10.31	10.39
Bk of New Yk 5¼ 96 §	0⅛	99⅛	99⅜	12/4	10.06	10.14
Commerzbank 5¼ 89 XW	0	99	99¼	21/5	10	10.09
Creditanstalt Bank 5 96	¹⁄₁₆	99	99¼	23/8	10½	10.59
Credit Lyonnais 5¼ 96	0⅛	98⅞	99⅛	18/7	10.19	10.29
Die Erste Oes 5¼ 92	0⅛	99¾	100	27/7	10¼	10.25
EAB Fin 5 93 §	0¼	99¾	100	20/6	10.69	10.70
Ferrovie Stato 5¼ 99	0⅛	99⅜	99⅝	29/2	5¼	5.28

[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						-8.62
[illegible]						-3.51
[illegible]						-2.88
[illegible]						4.59
[illegible]						0.98
[illegible]						1.82
[illegible]						-1.28
[illegible]						4.42
[illegible]						6.69
[illegible]						-4.38
[illegible]						4.22
[illegible]						0.49
[illegible]						-0.77
[illegible]						5.14
[illegible]						-0.12
Olympus Optical 6¾ 97	12/82	1157	104⅜	105⅜	0	9.23
One Pharma cal Co 3¼ 98	3/84	9480	111⅝	113⅜	-2⅛	8.15
Orient Leasing 5¼ 98	6/83	2660	125⅛	128⅛	+5⅞	-2.55
Secom 5 98	11/83	2920	169½	171	-0⅞	-2.31
Yamaichi Sec Co 5 98	8/83	449.5	180	181½	+0½	-2.26
Yamanouchi Pharm'cal 4 90	10/83	1808	96¼	97¼	+0¼	31.12
Bridge Oil 4¾ 93 SF	3/84	3.43	107	109	-1	20.39
Nippon Airway 2¾ 94 SF	2/84	354	99¼	101¼	-0¼	-2.54
Toshiba 2¾ 94 SF	1/84	391	107½	109½	-0⅜	7.92
Asics 5 92 DM	12/83	520	109⅜	110⅝	0	23.23
Sum Realty 6¼ 92 DM	2/83	365	121¾	122¾	-0¼	-5.14

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Indonesian credit increased to $750m

BY CHRIS SHERWELL IN SINGAPORE

BANKS involved in the latest jumbo syndicated loan to Indonesia are expected to increase its size for the second time, to $750m.

The increase, which is due to be confirmed on Thursday, reflects the success of the Jakarta Government's austerity policy and the attractive loan terms for foreign banks when there is little sovereign lending activity.

About three-quarters of the loan will be priced at 0.75 percentage points above the London interbank offered rate (Libor) and the remainder at 0.3 percentage points above U.S. prime rate.

The loan was originally set at $500m last month and then rose to $600m. The new increase would push Indonesia's borrowing for the fiscal year to March above the $2.5bn limit set by the Jakarta Government, but it is understood that it is ready to accept an increased offer.

Indonesia, Asia's largest oil and gas exporter and the fifth most populous nation in the world, was forced to take tough action last year because of the severe impact of the West's recession and the fall in world oil prices.

One of the bankers co-ordinating the jumbo loan, explaining the enthusiastic response from foreign banks, said yesterday: "Indonesia has taken difficult decisions and worked hard to produce a better balance of payments and the loan was sensibly priced 'to go' for the banks." But he added: "There's also not a lot else going on."

The five co-ordinating banks are the Hong Kong-based merchant banking arms of Chase Manhattan, Morgan Guaranty, Lloyds Bank International, Bank of Tokyo and Industrial Bank of Japan. There are 27 lead managers, nine managers, 12 co-managers and 24 participants.

The results indicate that the Indonesian Government has chosen a good moment to go to the market. Its austerity policy has involved the reduction of consumer subsidies, a depreciation of the rupiah, the national currency, by more than 30 per cent and the re-phasing of capital-intensive development projects

Bond market buoyant despite fall in prices

BY MARY ANN SIEGHART IN LONDON

TWO STRAIGHT issues, three floating rate notes and a convertible were launched yesterday despite a ½ to ¾ point slide in the prices of fixed-rate Eurodollar bonds.

There was a slight feeling of desperation in the new issues departments of the major banks. It seemed that corporate treasurers were determined to tap the market for as much as possible before rates rose and made financings more expensive.

This, though, was at the expense of the bonds' performance in the market. Illinois Power, for example, issued a $100m, eight-year bond with a 12½ per cent coupon at par through Credit Suisse First Boston. The maturity was thought to be too long and the name not popular enough. It traded at a huge 2¾ per cent discount, giving a yield of over 13 per cent.

International Paper, a U.S. company with a better credit rating than Illinois Power, met with only a slightly warmer reception with its $75m, seven-year bond. The issue has a 12½ per cent coupon at a price of 99½. Led by Salomon Brothers and Goldman Sachs, it traded at a hefty 2¼ per cent discount, well outside its total fees.

Quadrex Securities made its debut in the new issue field by launching a $50m FRN for Equitable Bank Corporation, a Maryland-based U.S. bank. The 10-year issue pays ¼ per cent over three-month Libor at par and has front-end fees of 2 per cent.

Compared with the wafer-thin spreads recently seen in the floater market, these terms look rather generous, but other new issue managers yesterday complained that they had not heard of the issuer.

Industrial Bank of Finland is raising $40m through a 10-year FRN paying ⅛ point over the mean of the six-month London interbank bid and offered rates at par. Merrill Lynch is lead manager of the bond, which sold well within its 0.75 per cent front-end fees, at a discount of 0.45 per cent.

Arbuthnot Latham, the UK merchant bank, issued a $30m eight-year floater through Bank of America International. The spread is ³⁄₁₆ over six-month Libor at par with fees of 0.375 per cent.

In the convertible sector Societe Générale de Surveillance, the Swiss goods inspection company, will be raising about $50m through a 10-year bond with an indicated 4½ per cent coupon

Malaysia diversifies with Canadian loan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

MALAYSIA is raising C$150m through an eight-year credit led by Orion Royal Pacific, Bank of Nova Scotia and Toronto Dominion.

The move suggests that Asian borrowers might be starting to follow their European counterparts into diversification of their borrowings, by tapping regional markets for smaller amounts of different currencies instead of opting for large dollar syndications.

The credit will bear interest at a margin of ⅛ per cent over Canadian prime rates for the first four years, rising to ¼ per cent thereafter. Repayments begin after a grace period of four years and the borrower is paying a management fee of about ⅛ per cent and a commitment fee of ⅛ per cent.

BHF Bank bond average		
Feb 28		Previous
99.564		99.473
High	1983-84	Low
102.017		97.699

Canadian dollar credits are a relative rarity in the Euromarkets, although large amounts have been raised for some borrowers in the past. Malaysia's credit is expected to attract good interest from banks on Canada's Pacific Coast, but will also be offered to other domestic banks as well as to foreign banks with a presence in Canada.

It is regarded as a regional deal and should not stand in the way of a U.S.$150m credit being sought by the country's Highway Authority.

OVER-THE-COUNTER – Nasdaq National Market

Stock	Sales (Hnds)	High	Low	Last	Chng

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